



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

### Usage guidelines

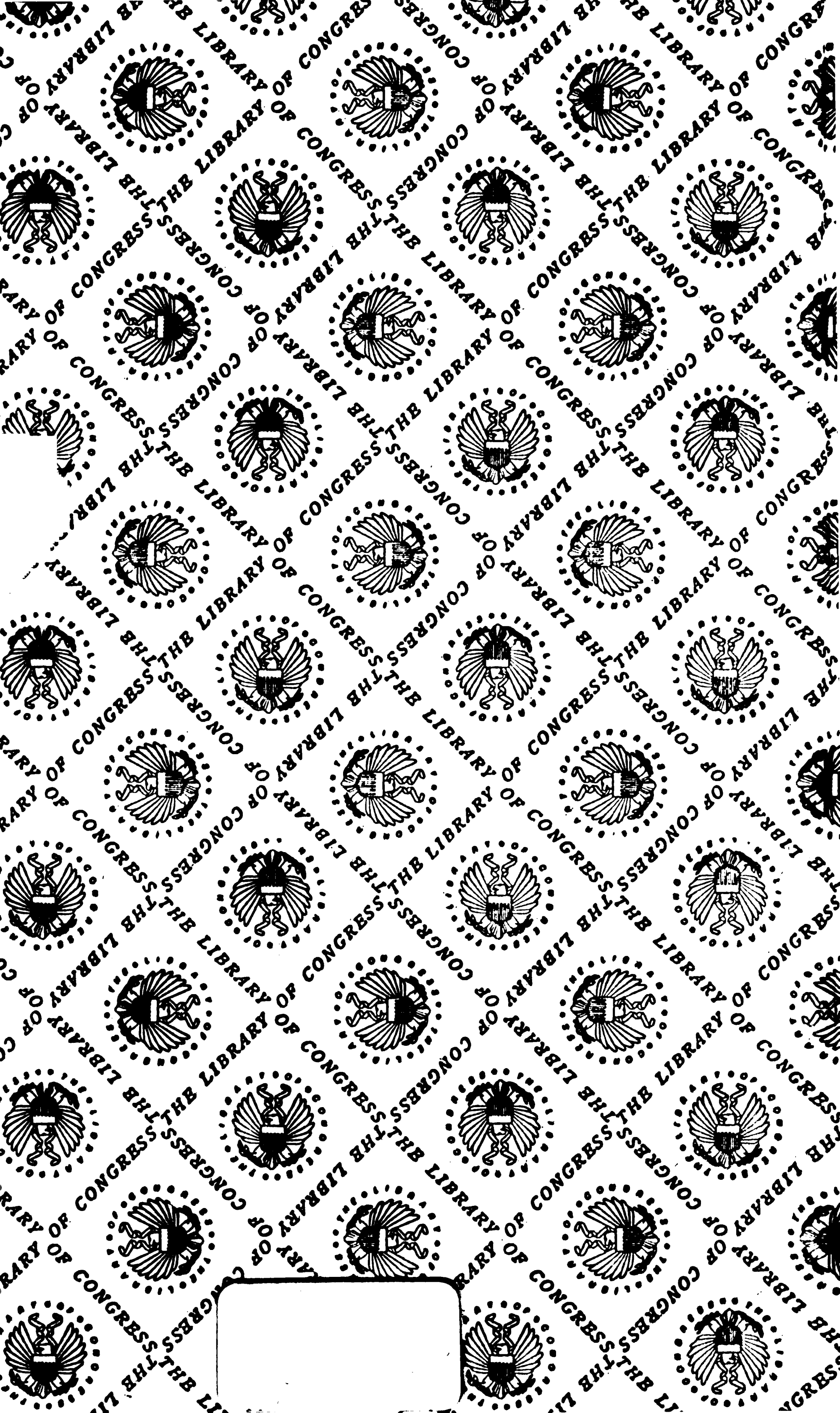
Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

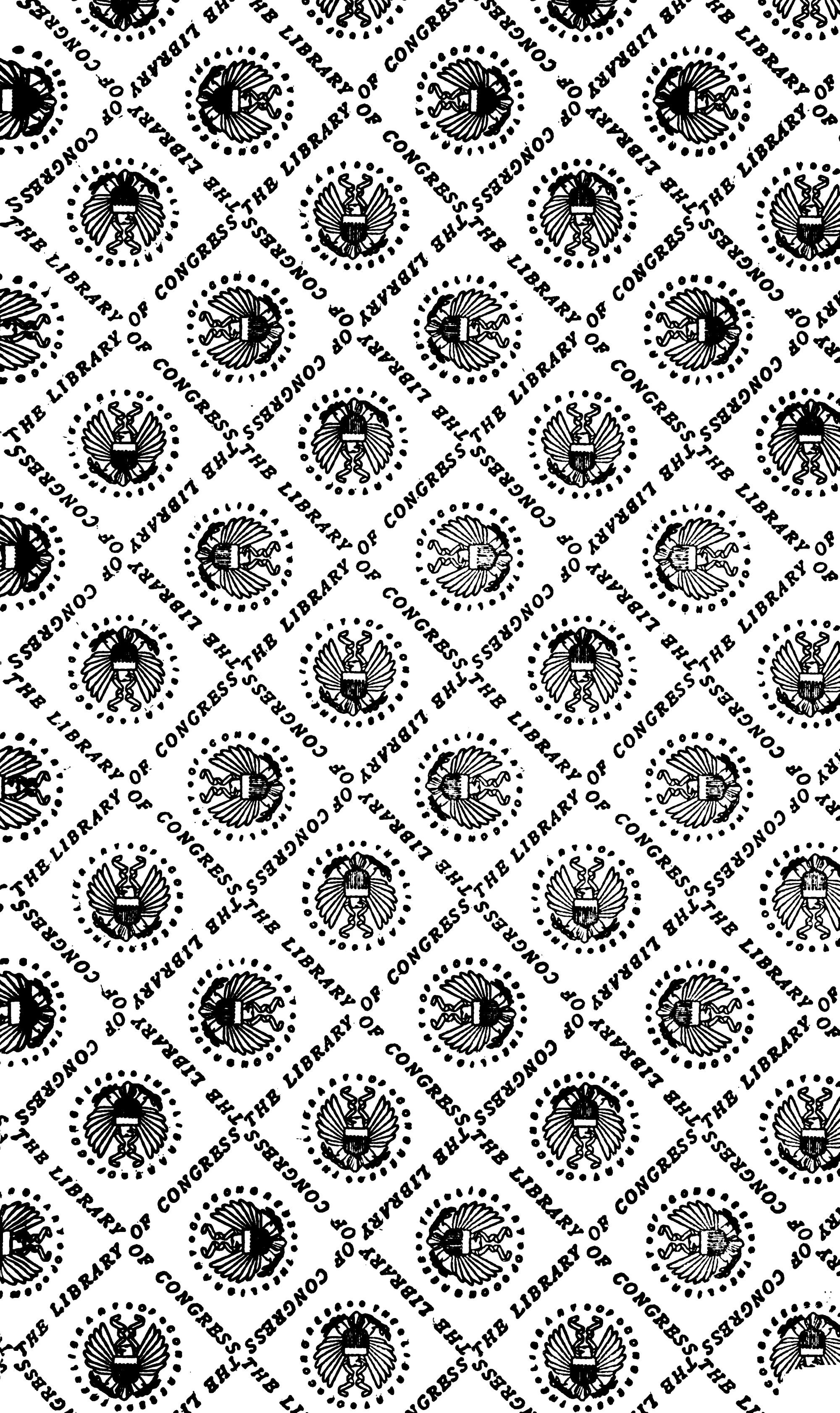
- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

### About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>









# CUBAN SUGAR SALES.

---

## TESTIMONY

TAKEN BY THE

COMMITTEE ON RELATIONS WITH CUBA.

---

UNDER AUTHORITY OF SENATE RESOLUTION  
OF APRIL 26, 1902.

---

57TH CONGRESS, 1ST SESSION.

---

WASHINGTON:  
GOVERNMENT PRINTING OFFICE:  
1902.



HD 9114  
C88 U4  
1902

## COMMITTEE ON RELATIONS WITH CUBA.

---

ORVILLE H. PLATT, *Chairman.*

N. W. ALDRICH.

S. M. CULLOM.

JAS. McMILLAN.

JNO. C. SPOONER.

WM. J. DEBOE.

H. E. BURNHAM.

H. M. TELLER.

H. D. MONEY.

J. P. TALIAFERRO.

F. M. SIMMONS.

CHAS. G. PHELPS, *Clerk.*

APR 30 1903  
D. of D.

# CUBAN SUGAR SALES.

---

SUBCOMMITTEE OF THE  
COMMITTEE ON RELATIONS WITH CUBA,  
UNITED STATES SENATE,  
*Washington, D. C., May 1, 1902.*

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

The CHAIRMAN. The subcommittee is convened to consider the matters set forth in the resolution of the Senate, which is as follows:

Whereas it has been currently reported that nearly the entire crop of Cuban sugar has been purchased and is now held by what is generally known as the "sugar trust," which is the principal consumer of raw sugar in the United States, and that any concessions given to the raisers of cane sugar in the island of Cuba or any measures intended for their relief by admitting their sugar at reduced rates of duty into the United States will only benefit the said sugar trust, and that the Cubans will receive no real benefit from such concessions; and

Whereas it is alleged that a large number of citizens of the United States have acquired large holdings of cane-producing lands in Cuba, and are now especially urging the reduction of duty on sugar under the claim that such reduction will benefit the people of Cuba: Therefore, be it

*Resolved*, That the Committee on Relations with Cuba be, and is hereby, directed to make an investigation as to the truth of such charges and to report to the Senate.

That for the purpose of carrying out the above resolution the committee be, and hereby is, authorized to send for persons and papers, administer oaths, take testimony, employ a stenographer, and that the expenses of the investigation be paid from the contingent fund of the Senate upon vouchers approved by the Committee to Audit and Control the Contingent Expenses of the Senate. The committee is authorized to sit during the sessions of the Senate, and also to print from time to time its hearings.

We have here this morning Mr. Henry O. Havemeyer, who is understood to be the president of the American Sugar Refining Company, of New Jersey; Mr. Arthur Donner, treasurer of the company, and Mr. Henry C. Mott, buyer of raw sugar.

The three gentlemen referred to were duly sworn by the chairman.

## TESTIMONY OF HENRY O. HAVEMEYER.

Henry O. Havemeyer, having been first duly sworn by the chairman, testified as follows:

The CHAIRMAN. Mr. Havemeyer, you are the president of the American Sugar Refining Company, of New Jersey, are you not?

Mr. HAVEMEYER. I am.

The CHAIRMAN. We understand that that company is the same which is referred to in this resolution under which we are acting, and is intended by the words "generally known as the 'sugar trust?'"

Mr. HAVEMEYER. It is.

Senator TELLER. Let Mr. Havemeyer state what the legal name of this corporation is.

Mr. HAVEMEYER. It is expressed in the question—the American Sugar Refining Company, of New Jersey.

Senator TELLER. And incorporated where?

Mr. HAVEMEYER. Under the State laws of New Jersey.

Senator TELLER. Where is your principal place of business?

Mr. HAVEMEYER. New Jersey.

Senator TELLER. And your refineries are where?

Mr. HAVEMEYER. One in New Jersey, 3 in New York State, 2 in Massachusetts, 2 in Philadelphia, and 1 in New Orleans.

The CHAIRMAN. Will you tell the committee how much Cuban sugar, if any, has been purchased and is now held by your company?

Mr. HAVEMEYER. Held in the island of Cuba?

The CHAIRMAN. Well, yes; we will take that.

Mr. HAVEMEYER. About 50,000 tons—a little less than two weeks' supply; about ten days' supply at present running.

The CHAIRMAN. When you say 50,000 tons, do you mean exactly 50,000 tons, or approximately that?

Mr. HAVEMEYER. I do not think it would vary but a few tons. Shall I give the number of bags, which will give it exactly?

The CHAIRMAN. Yes.

Mr. HAVEMEYER. There are 356,000 bags, 7 bags to a ton, of which 26,000 bags are in process of shipment.

Senator TELLER. Of the 356,000?

Mr. HAVEMEYER. Yes.

The CHAIRMAN. How long have you held this sugar?

Mr. HAVEMEYER. We commenced buying the sugar in the middle of February, and we have continued to buy it more or less until April 26. Shall I give the prices?

The CHAIRMAN. As you like.

Mr. HAVEMEYER. We began buying it at 1.9 cents per pound, free on board. In the latter part of February and until March 13 the price was advanced to 1.93, free on board. During the month of March it was reduced to 1.80, free on board.

Senator TELLER. Wait a moment. It advanced to 1.93, then what did it do?

Mr. HAVEMEYER. On March 13 the price was reduced to 1.80. Shall I continue?

The CHAIRMAN. Yes.

Mr. HAVEMEYER. It advanced to 1.83 until March 26. It further advanced on that day to 1.90, until April 8. It was reduced on April 8, to 1.80, until April 22. On April 22 it was reduced further to 1.75, to April 25; and since April 25 it has advanced to 1.80.

Senator TELLER. That was April 25, instead of April 22?

Mr. HAVEMEYER. No; on April 25.

Senator TELLER. On April 22, you said 1.75?

Mr. HAVEMEYER. Yes.

The CHAIRMAN. It continued there until April 25?

Mr. HAVEMEYER. It continued there until April 25, when it was advanced to 1.80, the price to-day.

The CHAIRMAN. You stopped buying on April 26, or you have bought none since April 26, as I understand?

Mr. HAVEMEYER. That is the last purchase.



The CHAIRMAN. Where do you buy your raw sugars for refining?

Mr. HAVEMEYER. We buy them all over the world.

The CHAIRMAN. You buy sugars from all over the world?

Mr. HAVEMEYER. We buy them in places all over the world, in the different sugar markets of the world—Java, Hamburg, London, Antwerp, Trieste, Fiume, all ports in Cuba, the British West Indies, South America—wherever sugar is grown and known.

The CHAIRMAN. Porto Rico?

Mr. HAVEMEYER. Porto Rico; yes.

The CHAIRMAN. Does this 50,000 tons include all you have bought since, say, the 1st of January?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. In Cuba, I mean. How much have you bought in Cuba, all told?

Mr. HAVEMEYER. We have bought of Cuban sugars since the 1st of January—

The CHAIRMAN. In Cuba?

Mr. HAVEMEYER. Of Cuban sugars, the product of Cuba. It does not necessarily mean that we buy them in Cuba. Cuban sugars are not only sold in Cuba, but they are sold through agencies of the Cuban people in New York, Boston, Philadelphia, and New Orleans.

The CHAIRMAN. I know, but what I am after just at present is how much you bought in Cuba?

Mr. HAVEMEYER. Transactions that actually transpired in Cuba?

The CHAIRMAN. Yes.

Mr. HAVEMEYER. I could not give you that accurately, without reference to the books.

The CHAIRMAN. Can you approximately? You have 50,000 tons.

Mr. HAVEMEYER. Suppose you allow me to answer the question in my own way.

The CHAIRMAN. All right.

Mr. HAVEMEYER. The company has bought of Cuban sugar, since January 1, to April 30, 93,000 tons, of which 45,000 tons still remain unshipped in Cuba. That is about three-quarters of a month's supply.

The CHAIRMAN. Do you buy Cuban sugar in New York markets?

Mr. HAVEMEYER. Yes, sir.

The CHAIRMAN. Of sugar brokers, I suppose?

Mr. HAVEMEYER. Through sugar brokers.

The CHAIRMAN. Do you control, indirectly, any sugar in Cuba except this 50,000 tons of which you have spoken?

Mr. HAVEMEYER. None whatever, in any manner.

The CHAIRMAN. Have you options on other sugars in Cuba other than this 50,000 tons?

Mr. HAVEMEYER. None whatever.

The CHAIRMAN. Have you made advances to people who hold sugar in Cuba, other than this 50,000 tons?

Mr. HAVEMEYER. None whatever.

The CHAIRMAN. So that you wish to be understood as saying that this 50,000 tons which you now have in Cuba is all that you control or have any interest in, direct or indirect, at the present time.

Mr. HAVEMEYER. That is the statement I make.

The CHAIRMAN. What do you estimate this year's crop of sugar in Cuba?

Mr. HAVEMEYER. Seven hundred and fifty thousand tons.

The CHAIRMAN. Of which, since the 1st of January, you have purchased how much?

Mr. HAVEMEYER. Ninety-three thousand tons. Will you allow me to make a statement on that point?

The CHAIRMAN. Any statement you wish.

Mr. HAVEMEYER. Well, we have had a war in Cuba, during which the crop went from 1,000,000 tons to 300,000 tons. When it was 300,000 tons in the same period, in 1091, we bought 155,000 tons; in 1900 we bought 183,000 tons; in 1899 we bought 117,000 tons; in 1898 we bought 114,000 tons.

The CHAIRMAN. During the same period?

Mr. HAVEMEYER. During the same period. Sugar has been withheld from the market, in view of some possible concessions in the tariff on the part of the United States.

The CHAIRMAN. This year?

Mr. HAVEMEYER. This year. I would like to add here that of the sugar that has been purchased that which has been received comes principally from the outports, other than Habana, Matanzas, and Cardenas. The outports have no storage facilities and require shipment from necessity; where sugar could be stored it has been stored and is still withheld from the market.

The CHAIRMAN. But the outports, as they are called, have been obliged to ship their sugar?

Mr. HAVEMEYER. Yes, sir; particularly from the south side.

The CHAIRMAN. Why have you been holding this 50,000 tons in Cuba?

Mr. HAVEMEYER. Because since we began to buy it and the shipments commenced, as I have stated——

The CHAIRMAN. From the outports?

Mr. HAVEMEYER. No; from Cuba—the market on the sugars from the outports has declined below the cost of the sugar in Habana. In other words, the market for those outport sugars has been more favorable than you could buy from those places where it was stored, and of course the company is taking advantage of that condition of the market. That condition of the market has been due to a sympathy with the lower beet markets. Those who have sugar stored have felt that any advantage given to them in the tariff of the United States would more than offset the decline in the beet market.

The CHAIRMAN. You have been receiving sugar all along from Cuba?

Mr. HAVEMEYER. Yes, sir.

The CHAIRMAN. What do you say your requirements are for your business, weekly, say?

Mr. HAVEMEYER. They are about 150,000 tons a month—from the 1st of May until the 1st of October perhaps 135,000 tons.

The CHAIRMAN. How many is that a week?

Mr. HAVEMEYER. Thirty-five thousand tons a week.

The CHAIRMAN. So that you have now in Cuba less than two weeks' supply?

Mr. HAVEMEYER. About ten days.

The CHAIRMAN. Is there anything else that you wish to state in regard to your holdings of sugar in Cuba?

Mr. HAVEMEYER. I wish to state that on account of the necessities of the outports, in view of their having no storage accommodations,

and being required to sell their sugar, there would have been less than one week's supply in Habana.

The CHAIRMAN. If the outports had not been required to sell?

Mr. HAVEMEYER. Yes. The pressure, you see, is on the outports. They held as long as they could, expecting this concession, and when they could not carry it, when they could not store it and could not ship it, they had to sell it at what it would bring, and it did not bring the parity of the Habana sugar in store, but had to be sold on the parity of the beet market.

The CHAIRMAN. And so you took that rather than to ship the sugars which you had in store in Cuba?

Mr. HAVEMEYER. Surely; we are in business for that purpose, to get the cheapest material.

The CHAIRMAN. That is what you mean?

Mr. HAVEMEYER. Yes.

The CHAIRMAN. What is the comparative expense of storage in Cuba and in New York?

Mr. HAVEMEYER. There is no expense for storage in Cuba. It is a charge against the sugar when it goes in, and the buyer gets the advantage for the year for nothing.

The CHAIRMAN. In New York how is it?

Mr. HAVEMEYER. I would refer that to the buyer. I am unfamiliar with it now. It is very material.

The CHAIRMAN. If there is nothing else you wish to say on the subject of your holdings in Cuba, I want to question you about this clause in the resolution, in which you are declared to be the principal consumer of raw sugar in the United States. What do you say to that?

Mr. HAVEMEYER. Why, certainly the trust is.

The CHAIRMAN. The principal consumer?

Mr. HAVEMEYER. They consume 65 per cent of the imported raw sugar of the country. It represents about 50 per cent of the total consumption.

Senator TELLER. You mean of the imports, do you?

Mr. HAVEMEYER. Yes; imported raw sugar.

The CHAIRMAN. That is, the raw sugar that comes to the United States?

Mr. HAVEMEYER. Yes.

Senator TELLER. You do not include in that the cane raised here?

Mr. HAVEMEYER. No.

Senator TELLER. It is the import?

Mr. HAVEMEYER. It is the imported foreign sugar, including Hawaii and Porto Rico.

The CHAIRMAN. How much refined sugar do you produce in a year?

Mr. HAVEMEYER. Last year we produced 1,200,000 tons out of a total consumption of 2,400,000 tons—about 50 per cent.

The CHAIRMAN. Of the foreign sugars refined and consumed here you think you buy about 65 per cent; is that it?

Mr. HAVEMEYER. Yes, sir. I should like to make a statement that may be of interest. In 1895, from the 1st of January to the 1st of May, we bought 179,000 tons. In 1894 we bought 321,000 tons.

Senator TELLER. Where from? Are you speaking now of what you bought from Cuba?

Mr. HAVEMEYER. From Cuba. In 1893, 246,000 tons, and in 1892



254,000 tons. In other words, we bought about one-third of what we ordinarily do.

The CHAIRMAN. You have now bought one-third of what you ordinarily buy?

Mr. HAVEMEYER. Yes; in the year 1902.

The CHAIRMAN. In the same length of time?

Mr. HAVEMEYER. We had to buy our supplies elsewhere.

The CHAIRMAN. Can you tell me who the manufacturers of refined sugars in the United States are, aside from yourselves?

Mr. HAVEMEYER. I can.

The CHAIRMAN. Please do so.

Mr. HAVEMEYER. The Nash-Spalding Company, of Boston.

The CHAIRMAN. Is that company known as the "Revere?"

Mr. HAVEMEYER. The Revere?

The CHAIRMAN. The Revere Sugar Refining Company. Is that the name of it?

Mr. HAVEMEYER. Yes, sir. There are four refineries in New York; Arbuckles, the National, the Yonkers, and the Mollenhauer.

Senator TELLER. What others besides the National?

Mr. HAVEMEYER. The National, the Mollenhauer, the Arbuckles, and the Yonkers. I would like to get that straight. I have not that quite straight. The National Refinery Company includes the New York refinery, the Mollenhauer refinery, and the Yonkers refinery. Then there is the Arbuckles, in New York; then the McCahan, of Philadelphia; then the Cogswell, the Henderson, and the Gramercy, of New Orleans. I think I have enumerated them all.

The CHAIRMAN. Is there one in Texas?

Mr. HAVEMEYER. Yes; the Cunningham, in Texas.

The CHAIRMAN. You spoke of the National. Is there one in Chicago?

Mr. HAVEMEYER. No; that is a glucose house. Of course there are two on the Pacific coast, the Spreckels and the Crocker.

The CHAIRMAN. Have you any relations with these other companies? Have you any understanding with these other refiners of whom you have spoken?

Mr. HAVEMEYER. No understanding with any of them. We have a joint ownership in the Spreckels refinery.

Senator TELLER. You have what?

Mr. HAVEMEYER. The American Sugar Refining Company has a joint ownership in the Spreckels refinery, of California.

The CHAIRMAN. So that these other companies, whom we may call "independent refiners," are independent of your company entirely?

Mr. HAVEMEYER. Absolutely.

The CHAIRMAN. And if you buy 65 per cent of the raw sugar, they buy 35, in the aggregate.

Mr. HAVEMEYER. That is it exactly.

The CHAIRMAN. You say you produced 1,200,000 tons, and the consumption was 2,400,000 tons, in round numbers?

Mr. HAVEMEYER. The difference is the product of beet, which is very large, and of foreign sugars.

The CHAIRMAN. Beet sugar is refined sugar?

Mr. HAVEMEYER. Oh, yes; entirely.

The CHAIRMAN. Do you know how much foreign refined sugars came in during the year?

Mr. HAVEMEYER. I do not.

The CHAIRMAN. Are any of the cane sugars of Louisiana sold without refining—are they all refined?

Senator TELLER. You mean sold for domestic consumption?

The CHAIRMAN. Yes; without being refined.

Mr. HAVEMEYER. All the sugars of Louisiana are suitable for consumption without refining; but the press of marketing them enables the refiner to buy, I should think, 40 per cent of the entire crop.

Senator TELLER. Just repeat that. I do not understand that answer.

Mr. HAVEMEYER. I said all the product of Louisiana is suitable for going into direct consumption without refining.

Senator TELLER. All of it?

Mr. HAVEMEYER. All of it; but they make so much sugar that the country can not take it in the time that they make it, which enables the refiner to buy, I think, about 40 per cent and rerefine it into granulated.

Senator TELLER. Forty per cent of Louisiana's production?

Mr. HAVEMEYER. Yes, sir; 40 per cent of their crop.

Senator TELLER. In what shape does this go into use?

Mr. HAVEMEYER. It goes into use finally as granulated sugar, but it comes to us in all sorts of grades of low centrifugal sugars, and what they call "open kettle" sugars.

Senator TELLER. I mean, that does not go through the refineries?

Mr. HAVEMEYER. That and semirefined and refined. They may refine it, as the beet people do, direct from the cane. It goes into granulated, and grades slightly below granulated.

Senator TELLER. It is not what we used to call "muscavado," etc.—yellow sugar?

Mr. HAVEMEYER. A great deal of that which goes to the refinery is in that form.

The CHAIRMAN. Do you speak of a crystallized sugar as well as a refined sugar, or is that the same thing?

Mr. HAVEMEYER. The first runnings of all beet or cane, being pure, are at once converted into granulated sugar. As these runnings deteriorate, they have the syrup from these granulated sugars mixed with them, and that makes what are known as brown or muscovado sugar. It is a sort of seconds and thirds of the product.

The CHAIRMAN. When you figure out accurately the amount of refined sugars which go into consumption in this country, you have to take in the total consumption the beet sugar, the sugar of Louisiana, which goes into consumption without being refined?

Mr. HAVEMEYER. I think that all ought to be included as the product of the country.

The CHAIRMAN. And the foreign refined sugars?

Mr. HAVEMEYER. Foreign refined; yes.

The CHAIRMAN. Well, that is a matter I suppose we can get at?

Mr. HAVEMEYER. Oh yes; that is available in statistics. I do not happen to have it.

The CHAIRMAN. You think you refine about 65 per cent of the refined sugar which goes into consumption in this country, and about——

Mr. HAVEMEYER. No, I do not. I refine 65 per cent of the sugar that is refined in sugar refineries that goes into consumption, but measured by the total consumption, I refine about one-half.

The CHAIRMAN. Yes; that is it.

Mr. HAVEMEYER. When I say "total consumption," I mean total consumption irrespective of its source.

Senator TELLER. That includes the beet and the domestic sugar?

The CHAIRMAN. Yes; and the foreign.

Senator TELLER. But you are all the time calling Hawaii and Porto Rico foreign, as I understand it?

Mr. HAVEMEYER. Yes; that is considered foreign. All of that goes through the refinery. You have got to subtract from the amount of the total consumption the foreign refined sugar that is imported into the country the product of the Louisiana factories and the product of the beet factories.

The CHAIRMAN. And you make 65 per cent of the rest?

Mr. HAVEMEYER. I make 65 per cent of the rest, which is 50 per cent of the whole.

The CHAIRMAN. I think we understand that. I want to call your attention to another point. What fixes the price of raw sugars in this country?

Mr. HAVEMEYER. The beet market fixes the price all over the world.

The CHAIRMAN. The foreign beet market, of course.

Mr. HAVEMEYER. The foreign beet market; what is known as the Hamburg beet market.

The CHAIRMAN. Do you think, then, that the price of foreign raw sugars, or even domestic raw sugars, is fixed in Hamburg—that the Hamburg price controls?

Mr. HAVEMEYER. Hamburg controls the market of the world, wherever sugar is sold.

The CHAIRMAN. Inasmuch as you are the principal consumer, to the extent of 65 per cent, for raw sugars, can you not make the price of Cuban sugar what you please?

Mr. HAVEMEYER. We have no control whatever over the price of Cuban sugar. Cuban sugar does not belong to me. When it belongs to me, I can make the price what I please, and not otherwise.

The CHAIRMAN. Cuba has to sell her sugar in this market, has she not?

Mr. HAVEMEYER. Not at all.

The CHAIRMAN. Where else can she sell it?

Mr. HAVEMEYER. England uses twice as much as she produces.

The CHAIRMAN. Do you know how many refineries they have in England now?

Mr. HAVEMEYER. I do not, but they have a tremendous refining capacity there—more than enough to take all the Cuba crop.

The CHAIRMAN. To come to a practical question: Suppose Congress should make a concession, we will say, of 20 or 25 per cent in the tariff rates upon Cuban raw sugar, could you not refuse to buy of Cuba and thus compel them to sell, practically giving you the benefit of the reduction?

Mr. HAVEMEYER. In no way. They could sell their sugars to better advantage elsewhere in the markets of the world.

The CHAIRMAN. We have taken off entirely the duties from Porto Rico sugar. Has that enabled you to buy it any cheaper than other sugars?

Mr. HAVEMEYER. Not at all.



The CHAIRMAN. You are as much a principal consumer of Porto Rico sugars as you are of Cuban sugars, are you not?

Mr. HAVEMEYER. Surely. How about Hawaii? We are under contract for the entire crop, every pound they make. It is not reflected in the price of raw in any way.

The CHAIRMAN. There is a little difference, is there not, in a way? They have advantages in having the Pacific coast market?

Mr. HAVEMEYER. They do not sell one-quarter of their sugar to the Pacific coast. The beet production there has almost eliminated it from refining.

The CHAIRMAN. Then is it true that a large proportion of the Hawaiian sugar comes to New York and is refined there?

Mr. HAVEMEYER. It is true.

The CHAIRMAN. I am the more particular about this, Mr. Havemeyer, because it has been said repeatedly, in newspapers and otherwise, that if a concession is made to Cuban sugar in our tariff rates, you will be in a condition to oblige the sugar producers of Cuba to make such reduction in their price, as compared with the price of foreign refined sugars from abroad, that you will get the benefit of it and the Cuban producer will not.

Mr. HAVEMEYER. There is no truth in that statement. Cuba has produced a million tons. She has never sold it to us any cheaper, nor were we ever in a position to buy it any cheaper, than we were any other sugar in the world—relatively cheaper.

The CHAIRMAN. I am not a very good business man myself, but I suppose it must be true that if there was a pressure of shipment from Cuba there would be some——

Mr. HAVEMEYER. Relative advantage?

The CHAIRMAN. Yes; in price.

Mr. HAVEMEYER. That is a necessity of theirs, not a coercion of ours.

The CHAIRMAN. Suppose they had held the sugar as long as they could hold it and they were obliged to ship it, and they began to ship it over here faster than the market would take it. How much could you oblige them to deduct from the Hamburg price under those circumstances?

Mr. HAVEMEYER. We could not oblige them to deduct anything.

The CHAIRMAN. Would you not, as a matter of fact, be able to get better terms from them?

Mr. HAVEMEYER. I think, in view of the congestion there, it would lower their sugars relatively perhaps a sixteenth of a cent a pound.

The CHAIRMAN. Not more than that?

Mr. HAVEMEYER. Oh, no. Sugar, you know, is a matter of volume. It is not a matter of price. It is a matter of small fractions on volumes.

The CHAIRMAN. How much is the tariff on Cuban sugar?

Mr. HAVEMEYER. 1.68 on Cuban centrifugals, 96 test.

The CHAIRMAN. Twenty per cent on that is 42 cents a hundred?

Mr. HAVEMEYER. Thirty-three cents a hundred.

The CHAIRMAN. That is about three-tenths of a cent a pound?

Mr. HAVEMEYER. A little more than a third of a cent a pound.

The CHAIRMAN. You think it possible that owing to a congested market and the necessity of selling there there might be a reduction of one-sixteenth of a cent; not more than that?

Mr. HAVEMEYER. Yes; one-sixteenth, which means 6 cents a hundred as against a reduction of 33 cents a hundred. The rest of it would go to Cuba.

The CHAIRMAN. And whether there would be that concession would depend upon their necessities for shipment?

Mr. HAVEMEYER. Their necessities for marketing their product. It would have nothing to do with the refining interest.

The CHAIRMAN. Is there anything else you wish to say on that subject?

Mr. HAVEMEYER. Nothing occurs to me.

The CHAIRMAN. There is another matter of inquiry. It is suggested that American citizens have acquired large holdings of cane-producing lands in Cuba. What do you know about that?

Mr. HAVEMEYER. Well, I know so far as my personal interests are concerned. Are you talking to me now as president of the trust or H. O. Havemeyer personally?

The CHAIRMAN. I am talking to you as an American citizen. That is what this says:

A large number of the citizens of the United States have acquired large holdings.

Senator TELLER. That includes, of course, corporations?

The CHAIRMAN. Oh, yes. Has your American Sugar Refining Company acquired any cane-producing lands in Cuba as a company, a corporation?

Mr. HAVEMEYER. None whatever.

The CHAIRMAN. Have you, as an individual?

Mr. HAVEMEYER. Yes.

The CHAIRMAN. Will you tell the committee to what extent?

Mr. HAVEMEYER. If the committee direct me to do it, I shall do it, I suppose, but I don't see exactly what my personal affairs have got to do with it, particularly as my interests in Cuba have been acquired many years. Still, if the committee feel that any enlightenment of my personal affairs would be advantageous to them in any way, I will have to submit.

The CHAIRMAN. We are directed to inquire whether citizens of the United States have acquired large holdings of cane sugar in Cuba.

Senator TELLER. Cane-sugar lands.

The CHAIRMAN. Cane-sugar lands; and I suppose you are one of the citizens of the United States.

Mr. HAVEMEYER. Some five or six years ago I acquired a half interest in a tract of land at Tanamo Bay, in Cuba.

The CHAIRMAN. Where is that?

Mr. HAVEMEYER. I don't know where it is. I never have been there.

The CHAIRMAN. Is it on the south coast?

Mr. HAVEMEYER. I don't know where it is. It is a well-known bay there. I am not familiar with the geography of Cuba.

Senator TELLER. How do you spell it?

Mr. HAVEMEYER. T-a-n-a-m-o.

The CHAIRMAN. How many years ago, Mr. Havemeyer?

Mr. HAVEMEYER. It was before the war. We at once started to clear the land and prepared to build a centrale, when the war supervened and the insurgents cleaned the whole business, and there it is to-day.

The CHAIRMAN. You have not developed it, then?

Mr. HAVEMEYER. Only for weeds.

The CHAIRMAN. Did you plant anything?

Mr. HAVEMEYER. We planted cane. That was entirely obliterated.

The CHAIRMAN. Did you build a centrale?

Mr. HAVEMEYER. No; we didn't have time.

The CHAIRMAN. And since the war you have done nothing about it?

Mr. HAVEMEYER. Since the war we have done nothing about it. I have quite an interest in a centrale called the Trinidad, which has no lands, by the way, so I suppose that is out of the scope of the question: The centrale has no land. It buys its cane.

The CHAIRMAN. What have you there?

Mr. HAVEMEYER. I have a centrale there.

Senator TELLER. That is a sugar factory?

Mr. HAVEMEYER. That is what they call a sugar factory. That produced about 8,000 tons.

Senator TELLER. I think that is perfectly within the rule.

Mr. HAVEMEYER. I should be glad to give you the information. I own 40 per cent of that.

Senator TELLER. Forty per cent of the stock?

Mr. HAVEMEYER. Yes.

The CHAIRMAN. Is that the one in which Mr. Farrell, of Connecticut, is interested, and Mr. Hugh Kelly?

Mr. HAVEMEYER. No, sir. I own 20 per cent in a factory at Chaparra, and I own a slight interest, I think to the extent of \$25,000, in some other factory there. The name I don't know. It is in that vicinity. In connection with a man by the name of Welch, a Hawaiian planter, I have taken an interest in a plantation at Santa Cruz—

The CHAIRMAN. In Cuba?

Mr. HAVEMEYER. In Cuba somewhere—which will produce from 8,000 to 10,000 tons a year; all acquired before any suggestion of any concession to Cuba was considered.

The CHAIRMAN. I do not know whether you can tell us—if you can not we will have to get it from some one else—how many American citizens of the United States are engaged in sugar production in Cuba?

Mr. HAVEMEYER. I know nothing about it.

The CHAIRMAN. I believe I have gone over these points we are directed to inquire about with Mr. Havemeyer.

Mr. HAVEMEYER. Mr. Chairman, would you consider it relevant for me to state that along with these purchases in Cuba which remain unshipped the American company has bought 30,000 tons of beet sugar which is on its way?

The CHAIRMAN. In Germany?

Mr. HAVEMEYER. Yes; out of Germany.

The CHAIRMAN. Certainly.

Mr. HAVEMEYER. Which in no way could share in any concession to Cuba. I want it clearly before the committee that these purchases are not made in view of any concession to Cuba, but made in the ordinary course of business; and I think it is pretty well substantiated by the fact that 30,000 tons of beet sugar has been bought in the meantime, none of which has arrived here—15,000 tons on the way, 15,000 tons being shipped—which would in no way share in any concession to Cuba, and that the reason those sugars

were not shipped from Cuba was, as I have stated, that the outpost markets were more favorable. We let them remain there—discontinued the shipping that was taking place.

Senator TELLER. Mr. Havemeyer, the technical, I mean the legal name of your corporation is what—the American Sugar Refining Company?

Mr. HAVEMEYER. Yes, sir; of New Jersey.

Senator TELLER. How long have you operated there?

Mr. HAVEMEYER. I think we were incorporated in 1891. That is a matter of record, and I should prefer not to rely upon my memory.

Senator TELLER. Do you remember testifying before the Industrial Commission about that?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. Is that statement made there about when you organized, the amount of capital stock, etc., correct?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. You stated there that the capital stock was seventy-five millions. You have increased that some since, have you not?

Mr. HAVEMEYER. Yes, sir; I think we increased it 20 per cent last year.

Senator TELLER. That would be fifteen millions?

Mr. HAVEMEYER. That would make the total capital ninety millions.

Senator TELLER. Are you aware that the public statement in the press at the time you made this increase was that you had increased it for the purpose of buying sugar lands in Cuba? Did you ever see that?

Mr. HAVEMEYER. I do not recall it.

Senator TELLER. For what purpose did you increase the capital stock?

Mr. HAVEMEYER. For general corporate interests.

Senator TELLER. But you say you have not bought any sugar lands—the company itself?

Mr. HAVEMEYER. No, sir.

Senator TELLER. Neither directly nor indirectly?

Mr. HAVEMEYER. Directly nor indirectly. We never contemplated it. We did contemplate, at one time since, to buy some in Porto Rico.

Senator TELLER. But you have not bought it?

Mr. HAVEMEYER. No, sir; we have abandoned it.

Senator TELLER. You have not bought any land, then, with the fifteen millions?

Mr. HAVEMEYER. No, sir; none whatever.

Senator TELLER. How do you buy sugar in Cuba?

Mr. HAVEMEYER. In Cuba we buy it through houses there. Zaldo & Co., Francke & Co., and Czarnakow, Macdougall & Co. are the principal sellers of Cuban sugars in Cuba and in New York.

Senator TELLER. Do you buy of them or through them?

Mr. HAVEMEYER. They regard themselves as principals. In reality, I think, they are agents. We give them orders, and they bill us the sugar. They take their chances on the commission. The transaction shows them as principals.

Senator TELLER. When you want a quantity of sugar, you make a demand on them for a certain amount. Is that it?

Mr. HAVEMEYER. We send them an order for so many thousand bags at a price, and if they fill it they bill it direct, as principals.

Senator TELLER. At the price you are willing to pay for it?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. Where do you pay that price in Cuba?

Mr. HAVEMEYER. They draw on us against the bill of lading.

Senator TELLER. I do not mean that; but when you speak of the price you pay, you mean the price you pay in Cuba?

Mr. HAVEMEYER. The price plus the freight. They arrange the freight.

Senator TELLER. Now, when you speak of paying \$1.93, you paid that in Cuba?

Mr. HAVEMEYER. Yes; free on board.

Senator TELLER. Free on board ship?

Mr. HAVEMEYER. Yes; ex freight, without the freight. A great deal of the business is done that way.

Senator TELLER. Where do you buy the most of the sugar? I am talking now about Cuban sugar.

Mr. HAVEMEYER. In Cuba.

Senator TELLER. No; but I mean at what point in Cuba?

Mr. HAVEMEYER. At Habana.

Senator TELLER. That is the main shipping point, is it?

Mr. HAVEMEYER. Yes, sir; ordinarily. This year is an exception, because the outports sell their sugar principally through the same houses in New York.

Senator TELLER. I suppose you have seen something in the public press during the last three or four or five months about the poverty of the sugar growers down there, have you not?

Mr. HAVEMEYER. Yes; I happened to be in the category.

Senator TELLER. You notice they are said to be in distress. How do you account for their ability to hold their sugar?

Mr. HAVEMEYER. They make financial arrangements with the different banks.

Senator TELLER. Where?

Mr. HAVEMEYER. In Cuba.

Senator TELLER. Have you advanced any money to anybody down there on sugar?

Mr. HAVEMEYER. Not at all.

Senator TELLER. Has your concern?

Mr. HAVEMEYER. None whatever—not a cent.

Senator TELLER. Who has advanced the money; local banks or American banks?

Mr. HAVEMEYER. It is my opinion that most of the advances are done by local banks. No doubt some of the advances are made by American commission merchants, who allow the owners of sugar to draw against them under credits—letters of credit.

Senator TELLER. Do you know whether these brokers you are doing business with are in the habit of buying large quantities of sugars in advance of orders?

Mr. HAVEMEYER. The brokers we do business with buy nothing whatever. We would not do business with any broker who had any personal interest in sugar.

Senator TELLER. He does not buy the sugar, then, ahead of your order?

Mr. HAVEMEYER. He certainly does not.

Senator TELLER. What difference would it make to you if you fix the price yourself, which you say you do? That is, you tell him what you will pay.

Mr. HAVEMEYER. I do not think a man with a personal interest could serve the American Sugar Refining Company. He certainly could not as long as I had anything to do with its affairs.

Senator TELLER. You gave the prices there——

The CHAIRMAN. Will you let me ask him a question there, to get it a little more intelligently?

Senator TELLER. Yes.

The CHAIRMAN. What difference would it make to you?

Mr. HAVEMEYER. The distinction between a man acting for you without a personal interest or with. He could not serve himself and me at the same time, to my idea.

The CHAIRMAN. When you give an order to a sugar broker, you give it to him as your agent?

Mr. HAVEMEYER. That is what I have already said. He bills the sugar as a principal, but in fact it is an agency.

The CHAIRMAN. You are dealing with him simply as your agent?

Mr. HAVEMEYER. Precisely.

The CHAIRMAN. Not as a principal?

Mr. HAVEMEYER. As a matter of local pride down there he regards himself as a principal; but in his relations with us he is our agent for that particular transaction.

The CHAIRMAN. And you would not make an agent of a man who wanted to sell you sugar?

Mr. HAVEMEYER. I make no agents of anybody. I have no agents. I would have no business transactions, in a confidential matter like that, with a sugar broker who had any personal interest in the property that he might want to sell me or I might want to buy.

Senator TELLER. Then when you send an order for so many thousand bags, at a certain price per bag, do you pay the commission on that?

Mr. HAVEMEYER. No; he gets that.

Senator TELLER. He gets that out of the producer—that is, the people he buys of—does he?

Mr. HAVEMEYER. Or something out of the freight. I give him an order, either free on board or cost and freight. He must get his commission where he can. If he can buy it a little less than my order, he gets the advantage, and such advantage as he gets belongs to him.

Senator TELLER. If you give him an order for 1.90 and he can get it for 1.80, he does so?

Mr. HAVEMEYER. That is it exactly, and I rely upon competition among them to protect me against any inordinate commission.

Senator TELLER. You said you were engaged in some concerns down there, like the Trinidad and others. It is not worth while to go over them particularly. Are they refiners of sugar?

Mr. HAVEMEYER. They are manufacturers of raw sugar.

Senator TELLER. Do they raise the cane themselves, or do they buy the cane of the inhabitants, or how?

Mr. HAVEMEYER. With the exception of the Trinidad Company I think they raise their own cane.



Senator TELLER. The Trinidad is simply a commercial arrangement, is it? It buys the cane?

Mr. HAVEMEYER. It buys the cane from—they call them colonos; those who raise it.

Senator TELLER. Suppose you give us the capacity. We will take the first one, which you said you did not do anything with, the Trinidad Centrale?

Mr. HAVEMEYER. That is about 8,000 tons a year.

Senator TELLER. What have they done this year; do you know?

Mr. HAVEMEYER. They do not begin in that place until the 1st of February, and I do not think they have made 8,000 tons. Their season is not ended.

Senator TELLER. On what part of the island is that?

Mr. HAVEMEYER. I think it is the south.

Senator TELLER. What time do they usually commence grinding down there?

Mr. HAVEMEYER. About the 1st of February.

Senator TELLER. And they grind about how long?

Mr. HAVEMEYER. I think the 1st of June.

Senator TELLER. Is it not about the 1st of April?

Mr. HAVEMEYER. Well, it may be. We have no returns from them.

Senator TELLER. I think you will find, if you look over Mr. Atkins's testimony, that he said about one hundred and twenty days, and I think he put the commencement rather earlier than you have.

Mr. HAVEMEYER. Not in that locality. It is a different locality. It is a good deal like the beet, you know. Some of the beet factories begin the 1st of September. Others do not begin until the 1st of November.

Senator TELLER. The beet factories differ in climate. There is not much difference in the others, is there?

Mr. HAVEMEYER. Oh, yes; there is thirty-five days.

Senator TELLER. The next factory, where you said you had 20 per cent—what amount of sugar do they make?

Mr. HAVEMEYER. They estimate their crop this year at 10,000 tons.

Senator TELLER. How much?

Mr. HAVEMEYER. Ten thousand, I believe, the first year.

Senator TELLER. This is the first year of manufacture?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. I think you said the Welch factory, that you were interested in with Mr. Welch, produced about 10,000 tons?

Mr. HAVEMEYER. That is planned for only 10,000 tons capacity—10,000 tons of sugar.

Senator TELLER. Ten thousand tons of what you call raw sugar?

Mr. HAVEMEYER. Yes.

Senator TELLER. Is there any refinery at all down there in Cuba that makes what you call refined sugar?

Mr. HAVEMEYER. I think there is one in operation in Cardenas. It is a small affair.

Senator TELLER. It is a factory of small capacity, is it?

Mr. HAVEMEYER. Yes; it is insignificant.

Senator TELLER. Do you know how much its capacity is, or anything about it?

Mr. HAVEMEYER. I think something like 100 or 200 barrels a day.

Senator TELLER. What does that refine for, domestic use or consumption?

Mr. HAVEMEYER. Local domestic use.

Senator TELLER. About what is the local consumption in Cuba, if you know?

Mr. HAVEMEYER. I don't know.

The CHAIRMAN. Somebody told me 50,000 tons. I wonder if that is right?

Mr. HAVEMEYER. The whole island?

The CHAIRMAN. Yes.

Mr. HAVEMEYER. I don't know.

Senator TELLER. You own 40 per cent of the Trinidad; who owns the balance, in a general way? Are they American citizens?

Mr. HAVEMEYER. Yes. Mr. Charles H. Semff owns 40 per cent and Mr. Atkins owns the 20 per cent.

The CHAIRMAN. Semff is connected with your establishment, is he not?

Mr. HAVEMEYER. Semff is the vice-president of the company. He has been my partner for thirty years.

Senator TELLER. He owns 40 per cent?

Mr. HAVEMEYER. He owns 40 per cent.

Senator TELLER. And Atkins owns 20 per cent?

Mr. HAVEMEYER. I believe he does.

Senator TELLER. This one that you own 20 per cent in, who are the owners of that?

Mr. HAVEMEYER. I know Mr. Post, of B. H. Howell, Son & Co., is an owner, and Mr. Hawley, of Texas. That is his name. I have a very slight acquaintance with him. I believe his name is Hawley.

Senator TELLER. You mean the former member of Congress?

Mr. HAVEMEYER. Yes; I don't know what his ownership is.

Senator TELLER. You do not know the man?

Mr. HAVEMEYER. No.

Senator TELLER. You do not know how much land this company owns, do you?

Mr. HAVEMEYER. No, sir.

Senator TELLER. But when you refer to the company in which you have 20 per cent, that is Hawley's company?

Mr. HAVEMEYER. That is Hawley's company.

Senator TELLER. Welch is a citizen of the United States?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. You and he own that factory together?

Mr. HAVEMEYER. No; I think I own 20 per cent of that.

Senator TELLER. And does Welch own the balance?

Mr. HAVEMEYER. Oh, others own it, I believe.

Senator TELLER. Citizens of the United States?

Mr. HAVEMEYER. I believe so, including Hawaii.

Senator TELLER. What do you know about the holdings down there of American citizens, aside from—

The CHAIRMAN. Before you come to that, who is Mr. Post? You said he was a member of some firm.

Mr. HAVEMEYER. Mr. Post is the active member of the firm of B. H. Howell, Son & Company, 109 Wall street.

The CHAIRMAN. Is he a member of the National Refining Company?

Mr. HAVEMEYER. His firm run that company.

The CHAIRMAN. And you said Mr. Welch is an American citizen. You said he was a Hawaiian planter?

Mr. HAVEMEYER. He and his son. I suppose he is an American citizen.

The CHAIRMAN. Was he a Hawaiian before we took in Hawaii, or is he an American who went out there to go into business?

Mr. HAVEMEYER. I think he is an Englishman or Scotchman who went out there to go into business with his son, and I presume he is an American citizen.

Senator TELLER. You spoke of him as a citizen of Hawaii. He is an American citizen then?

The CHAIRMAN. That is what you meant. You meant that, being a citizen of Hawaii, he is an American citizen?

Mr. HAVEMEYER. I suppose he is.

Senator TELLER. You and Spreckels own the principal refinery on the Pacific coast, do you not?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. What is its capacity?

Mr. HAVEMEYER. Its capacity is running about 500 tons a day.

Senator TELLER. And you deal altogether with cane sugar in that?

Mr. HAVEMEYER. Cane, and some of the local beet.

Senator TELLER. Do you use beet?

Mr. HAVEMEYER. Spreckels is likewise in the beet business, and I think his product is raw beet, and he manufactures that in his refinery.

Senator TELLER. In the refinery that you and he are connected with?

Mr. HAVEMEYER. Yes; we are likewise connected in the beet industry.

The CHAIRMAN. What is that?

Mr. HAVEMEYER. We are jointly interested in the beet and the cane factories there.

Senator TELLER. You say that the Pacific coast can not consume the Hawaiian sugar. Where does it go?

Mr. HAVEMEYER. What is not consumed there comes to the trust in New York and Philadelphia.

Senator TELLER. How does it come; by steamer?

Mr. HAVEMEYER. It comes overland partly and partly by steamer direct.

Senator TELLER. That really is American product?

Mr. HAVEMEYER. Yes.

Senator TELLER. But you have treated it, in your speaking of it, as foreign.

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. Have you agents in Cuba at any other point except Habana?

Mr. HAVEMEYER. Well, if you regard these men as agents.

Senator TELLER. Well, whatever they are.

Mr. HAVEMEYER. No.

Senator TELLER. Have you any brokers that you buy sugar through at other points?

Mr. HAVEMEYER. No.

Senator TELLER. You buy all your sugar through these people in Habana?

Mr. HAVEMEYER. We buy sugars through anybody, and these, principally. We are not exclusive in our orders at all.

Senator TELLER. And you have bought 93,000 tons, of which a little more than half has been shipped to the United States?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. You say you quit buying; when did you quit?

Mr. HAVEMEYER. No; I did not say I quit trying. I gave you the date of the last order.

Senator TELLER. If you did not, the chairman of the committee did. I did not understand you myself to say you quit buying, but you spoke as if you had. I suppose that was because you gave the purchase to a certain date?

The CHAIRMAN. Yes; what I meant was that they bought no sugar since that time. I did not mean to say they were not going to buy sugar.

Senator TELLER. That was a week ago or so. You are still buying sugars down there?

Mr. HAVEMEYER. We are still trying to buy it.

Senator TELLER. Do you not buy it?

Mr. HAVEMEYER. No; they have withdrawn again. As the chances of concession improve, they advance the price on us.

Senator TELLER. You have given us the prices here, commencing when you first began to buy, down to April 26. Why is this fluctuation in the price?

Mr. HAVEMEYER. On account of the beet market.

Senator TELLER. The beet market where?

Mr. HAVEMEYER. In Hamburg. That has been a constantly dropping market for a year.

Senator TELLER. Why?

Mr. HAVEMEYER. Well, the enormous increase in the beet production had a tendency to knock it in August last, supplemented by 750,000 tons more from Cuba, which had a tendency to further depreciate it.

Senator TELLER. Germany is the principal beet center, is it not?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. Do you mean to say they raised any more sugar in 1901 than they did in 1900?

Mr. HAVEMEYER. I don't know about Germany, but I think the beet crop of 1901 was in excess of that of 1900.

Senator TELLER. I am talking about the European crop now.

Mr. HAVEMEYER. I would rather let the figures speak, you know. I am not very familiar with the detail of that. It is the total crop that has its effect on the price, up or down, not any local production.

The CHAIRMAN. You mean, then, both beet and cane?

Mr. HAVEMEYER. Undoubtedly. The total sugar.

The CHAIRMAN. The production of sugar in the world?

Mr. HAVEMEYER. Yes.

Senator TELLER. Where has been the increased production?

Mr. HAVEMEYER. If you would allow me to refer to the statistics on the subject, I could tell you. Have you any statistics with you, Mr. Mott?

Mr. MOTT. I have no figures with me; but the total beet crop of Europe this last campaign is very nearly 7,000,000 tons.

Mr. HAVEMEYER. Give it for the preceding year.

Mr. MOTT. The preceding year was in all probability very nearly a million tons less.

Mr. HAVEMEYER. That is the point you want to draw out, Senator? Mr. Mott states that the crop for 1901—of cane and beet together—exceeded the crop of 1900 by approximately a million tons.

Senator TELLER. A million tons of sugar, you mean?

Mr. HAVEMEYER. Yes.

Senator TELLER. Are you sure there is more beet raised in Germany?

Mr. MOTT. Yes, sir; Germany first, and Austria, France, Russia, Holland, and Belgium.

Senator TELLER. I can find out some of those things more accurately, so I do not care about going into that very much. I want to get at where this increased 1,500,000 tons of sugar is.

Mr. HAVEMEYER. I am sorry I have not that information with me.

Senator TELLER. You say you can not state that?

Mr. HAVEMEYER. I did not expect it would be asked.

Senator TELLER. Well, we can ask it of some of these other gentlemen who perhaps may know more about it than you do. What do you know about the increased production of beet in this country?

Mr. HAVEMEYER. I know in a general way. I know that in 1901 it exceeded 1900. The detail I do not know.

Senator TELLER. You do not know how much?

Mr. HAVEMEYER. I think about 50,000 tons.

The CHAIRMAN. It doubled, did it not?

Mr. HAVEMEYER. I do not know.

Senator TELLER. As long as he does not know, I do not care about following it up.

The CHAIRMAN. Do you know about what it is this year?

Mr. HAVEMEYER. No, I do not.

Senator TELLER. You mean 1900, not 1901.

Mr. HAVEMEYER. I understand it is about 200,000 tons.

Senator TELLER. Where is that principally raised, Mr. Havemeyer?

Mr. HAVEMEYER. I do not know that; I know that California raises about 70,000 of it.

Senator TELLER. Seventy thousand out of the 200,000?

Mr. HAVEMEYER. Yes.

Senator TELLER. Do you regard that as a competitor to your establishment?

Mr. HAVEMEYER. Yes.

Senator TELLER. Because they refine?

Mr. HAVEMEYER. They displace so many meltings.

Senator TELLER. You do buy some of the raw beet sugars?

Mr. HAVEMEYER. In California.

Senator TELLER. Do you buy it anywhere else?

Mr. HAVEMEYER. I think not. I believe there was a little bought from a factory at Binghamton, N. Y., but that is practically nothing.

Senator TELLER. You buy beet sugar. You bought 30,000 tons in Europe. That you call raw sugar?

Mr. HAVEMEYER. That is raw sugar.

Senator TELLER. It goes through a refining process of some kind here?

Mr. HAVEMEYER. Yes.

Senator TELLER. You say you can not give me any accurate statement as to where the bulk of this beet sugar in the United States is

raised, except California. Do you know anything about what we call the Missouri River section of the country?

Mr. HAVEMEYER. No; I do not.

Senator TELLER. Do you know anything about Michigan?

Mr. HAVEMEYER. I do not know the amount raised. Of course I am familiar with the different localities and the different factories, but I do not know their output in refined sugar. That is a matter easily obtainable.

Senator TELLER. But there is an antagonism between your establishment and the beet raisers, upon the theory that they are supplanting to some extent your production?

Mr. HAVEMEYER. You might call it a commercial rivalry, rather than antagonism.

Senator TELLER. Well, call it a commercial rivalry. Last fall some time, last summer we will say, you folks made the price of refined sugar in what we call the Missouri River country very low. did you not?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. What did you put it at over there?

Mr. HAVEMEYER. The lowest was  $3\frac{1}{2}$  cents, I think.

Senator TELLER. What section of the country did you include in that?

Mr. HAVEMEYER. The whole business, the Missouri River.

Senator TELLER. What would you call the Missouri River? There is sometimes a little difference of opinion about what the Missouri River country is.

Mr. HAVEMEYER. It is the markets there. I could not name them.

Senator TELLER. Did you include Michigan in that?

Mr. HAVEMEYER. No, sir.

Senator TELLER. For beet sugar?

Mr. HAVEMEYER. No.

Senator TELLER. You made it  $3\frac{1}{2}$ . What had it been before you made it  $3\frac{1}{2}$  in that same section?

Mr. HAVEMEYER. About  $4\frac{1}{2}$ , I believe.

Senator TELLER. What was it in your section? We will say the Atlantic coast section.

Mr. HAVEMEYER. About  $4\frac{1}{2}$ .

Senator TELLER. How long did you keep that price?

Mr. HAVEMEYER. We kept it until we had recovered our trade.

Senator TELLER. How do you mean, recovered your trade?

Mr. HAVEMEYER. Why, these beet people, as you style them, undertook to control the absolute trade there, and under contracts which I regard as in restraint of trade bound up the grocers to buy their beet sugar. When I discovered that, and they began working, I made a price that turned the trade to me, and recovered it.

Senator TELLER. Then what did you do?

Mr. HAVEMEYER. Then I advanced it as long as I could hold it, and when——

Senator TELLER. How long did you keep up that price, Mr. Havemeyer?

The CHAIRMAN. The lower price?

Senator TELLER. That lower price.

Mr. HAVEMEYER. I can not recall, but I think two weeks.

Senator TELLER. You notified the beet sugar people, did you not,



that you intended to keep it up until you either recovered your trade and drove them out of the market——

Mr. HAVEMEYER. I made no notice to them whatever.

Senator TELLER. Well, you are credited with having said in the public press that you would do that. Is that correct?

Mr. HAVEMEYER. I am not responsible for the public press.

Senator TELLER. You do not say whether you did——

Mr. HAVEMEYER. I am under oath now.

Senator TELLER. You do not say whether you did say that or not.

Mr. HAVEMEYER. I will say I did not.

Senator TELLER. About how long do you think it was you kept the price down?

Mr. HAVEMEYER. I could not tell you. It varied.

Senator TELLER. You can not tell me at what points really that occurred?

Mr. HAVEMEYER. I could not. I could furnish you with that information with pleasure.

Senator TELLER. Have either of these other gentlemen here that information.

Mr. HAVEMEYER. No, sir.

Senator TELLER. I would like to have you furnish that information.

Mr. HAVEMEYER. I will furnish it.

Senator TELLER. The particular places at which you sold sugar at a lower rate than you were selling in New York. It has fluctuated some, has it not, under that arrangement of yours? Did you not raise it, and was it not lowered again?

Mr. HAVEMEYER. We raised it until we began to lose the trade. Then we lowered it to get it again.

Senator TELLER. So that you have lowered it and raised it and lowered it? Within the last how many months have you done all that?

Mr. HAVEMEYER. The last six months.

Senator TELLER. What price are you now making out there?

Mr. HAVEMEYER. The New Orleans price plus the freight. We have got the trade.

Senator TELLER. You have the trade back now, have you?

Mr. HAVEMEYER. Yes; they give us the preference instead of the beet people.

Senator TELLER. What becomes of the beet people? Where do they sell their sugar?

Mr. HAVEMEYER. That is their affair.

Senator TELLER. It may be their affair, but do you know where they sell their sugar?

Mr. HAVEMEYER. No; I do not. They won't tell me. I would go for them again.

Senator TELLER. That is, you would go into that market?

Mr. HAVEMEYER. Surely. I am in active competition in my business.

Senator TELLER. And you think the way to control the trade is to lower the price so that these people can not afford to sell, I suppose?

Mr. HAVEMEYER. The way to control the trade is to make a price at which the trade will buy. Let the beet fellow or the other fellow take care of himself. I don't control their sugar.

Senator TELLER. You do not concern yourself much about the other fellow?

Mr. HAVEMEYER. No. It is more than I can do to take care of the American Company's interests.

Senator TELLER. Under what price are you selling now in those points. You say the New Orleans price and the freight. That does not give me any information.

Mr. HAVEMEYER. Well, that is 10 cents, I think, above the parity of New York and freight.

Senator TELLER. You mean 10 cents higher than you are selling in New York?

Mr. HAVEMEYER. Plus the freight.

Senator TELLER. We will take Davenport or Des Moines. They are in the Missouri River country clearly. What are you selling sugar per pound for there? That is what I want to know?

Mr. HAVEMEYER. I can not give you the price per pound, because I do not know the freight from New York to Davenport; but I understand that the price at Missouri River points is the New York price plus the freight.

Senator TELLER. At all the Missouri River points?

Mr. HAVEMEYER. Yes; varying rates of freight.

The CHAIRMAN. The New York price, plus the freight to the point.

Senator TELLER. That is what you call normal?

Mr. HAVEMEYER. That is a normal condition.

Senator TELLER. That is a normal condition now because you have got the trade?

Mr. HAVEMEYER. We have the trade.

Senator TELLER. When you sold sugar at 3 cents in the Missouri River country——

Mr. HAVEMEYER. Make it  $3\frac{1}{2}$ , Senator.

Senator TELLER. Three and a-half, was it? Well,  $3\frac{1}{2}$ . You were selling in some other sections at about 5, were you not, or  $5\frac{1}{2}$ ?

Mr. HAVEMEYER. About 5, I think.

Senator TELLER. Was it not  $5\frac{1}{2}$ ?

Mr. HAVEMEYER. I doubt if it was as high as that.

Senator TELLER. Mr. Havemeyer, it was always understood by our people out there that the effect was to make a distinction of 2 cents between the price of sugar at your factory and in the Missouri River country. That is the way we have always understood it out there.

Mr. HAVEMEYER. You are mistaken there.

Senator TELLER. It never was before disputed by your concern, that I know of.

Mr. HAVEMEYER. Well, we never had an opportunity to answer it before.

Senator TELLER. The newspapers had a good deal to say about it.

Mr. HAVEMEYER. The newspapers don't run the company. They are valuable adjuncts, but they do not control.

Senator TELLER. I think you will find, Mr. Havemeyer, you were selling at  $5\frac{1}{2}$  and not at 5.

The CHAIRMAN. Where?

Senator TELLER. At the time they had it at  $3\frac{1}{2}$  in the Missouri Valley.

The CHAIRMAN. You mean the New York price was  $5\frac{1}{2}$ ?

Senator TELLER. Yes; or other sections, somewhere. Then for the purpose of securing the trade, as you say, you were willing to sell sugar in the Missouri Valley for less than it cost you?

Mr. HAVEMEYER. Very much less; yes.

Senator TELLER. Really, Mr. Havemeyer, your purpose was to drive the sugar-beet people out of existence, was it not?

Mr. HAVEMEYER. Oh, no.

Senator TELLER. To shut them up, if you could?

Mr. HAVEMEYER. Why, no.

Senator TELLER. If you could maintain that a great while it would shut them up, would it not?

Mr. HAVEMEYER. I think it would give us a fair proportion of the trade. I have no antagonism against the beet industry. I am too largely interested in it myself.

Senator TELLER. But then, if you control the price in your factory——

Mr. HAVEMEYER. We control the price of our own product, and we think we are entitled to our fair percentage of the business. That is all we want. We do not want some competitor to go and make a bargain for a man to buy sugar exclusively from him and run us off the earth.

Senator TELLER. The minute a man does that, and deals entirely with the beet-sugar people, you mean to run him out of business, or compel him to divide his patronage with you, do you not?

Mr. HAVEMEYER. I mean to go so far as the directors of the American Sugar Refining Company will permit me to go, and I would give the sugar away rather than lose a fair proportion of the trade, or as long as there was any money in the treasury, or any money backing the sugar business to put up against it. We must live as well as the beet industry. They are undoubtedly entitled to their share of the business, and on any fair terms to get it.

Senator TELLER. But you want them to keep up the price with you?

Mr. HAVEMEYER. I don't care what they do with their sugar. I want the trade—a fair percentage of the trade.

Senator TELLER. And when you do not get what you consider a fair percentage you propose to put your sugar at a rate that will compel them to quit the business?

Mr. HAVEMEYER. Well, I don't consider the result upon them.

Senator TELLER. You do not care anything about whether they quit the business or not?

Mr. HAVEMEYER. No. That is the way they felt toward us when they tied up the trade exclusively to them.

Senator TELLER. Then you regard the production of beet sugar as a rivalry to your refining establishments?

Mr. HAVEMEYER. It undoubtedly is a rival to the sugar industry of the United States.

Senator TELLER. If I recall, Mr. Havemeyer, you said either before the Lexow committee or the Industrial Commission, I do not remember which—I can look it up—that you did not think it was good policy to encourage the domestic production of sugar in the United States.

Mr. HAVEMEYER. Well, I would have to see what I said.

Senator TELLER. Do you think it is good policy?

Mr. HAVEMEYER. Why, undoubtedly I do. What better policy can there be in the United States than to keep its agricultural people at work, and all the work they can stand.

Senator TELLER. You think it is good policy, then, to make beet sugar?

Mr. HAVEMEYER. I undoubtedly do. I would do everything to further it.

Senator TELLER. Still, you do not consider yourself sufficiently con-

cerned about the production of beets to let them have the market where beets are raised and where no other sugar can be made?

Mr. HAVEMEYER. I do not think it is fair to give them the exclusive market. After they market their supplies, what will I do? My brand has then been out of existence for six months, and they will buy any brand. Now it is as well known as any brand on earth. It is very vital to the company that they should have their fair percentage of trade, always and at all times.

Senator TELLER. You have a very large capital, I suppose, to pay dividends on—ninety millions?

Mr. HAVEMEYER. I do not know. I think we could raise money enough through the stockholders to look out for our own interests, if that is what you mean.

Senator TELLER. No; I did not mean that. You stated, I recall very distinctly, that you regarded it as your duty to so manage the affairs as to secure all the time a fair dividend to your stockholders.

Mr. HAVEMEYER. Undoubtedly.

Senator TELLER. And in order to do that, you were willing for a time to forego any profit on a portion of the crop that you were purchasing if you could compel the beet people to quit.

Mr. HAVEMEYER. No; I did not say that. That is rather unfair.

Senator TELLER. But could there be any other purpose?

Mr. HAVEMEYER. The purpose was to recover and maintain my percentage of trade, without any antagonism to the beet people.

Senator TELLER. What do you call your percentage? How is that to be determined? Is that to be left to you? You say you did not have any conference with these people about it.

Mr. HAVEMEYER. I had no conference. I was up against the contract with the beet people to give them the exclusive trade. It is very injurious to the American Sugar Refining Company when a man draws a contract that he will sell to the trade at 10 cents less than any price the American Sugar Refining Company makes. I regard that as wrong and injurious to the interests of the American Sugar Refining Company.

Senator TELLER. The real objection, then, was that they were selling too cheap out there, and thus acquiring the market?

Mr. HAVEMEYER. The real objection, Senator, was the exclusiveness of it. They took my customer away from me absolutely.

Senator TELLER. How did they do it?

Mr. HAVEMEYER. They did it by very unfair terms in a contract. It provided that, irrespective of any price I made, they would beat it.

Senator TELLER. In other words, they said to the dealers: "We will sell you sugar cheaper than the trust will."

Mr. HAVEMEYER. Yes.

The CHAIRMAN. Ten per cent?

Mr. HAVEMEYER. Ten cents.

Senator TELLER. Ten per cent less?

Mr. HAVEMEYER. Ten cents a hundred less.

The CHAIRMAN. One-tenth of a cent per pound?

Mr. HAVEMEYER. Per pound.

Senator TELLER. Do you know what amount of beet sugar is being made in this country, leaving out California—in any of the States this side of California?

Mr. HAVEMEYER. I do not.

Senator TELLER. You are not posted on the amount of beet sugar?

Mr. HAVEMEYER. I am posted in a general way. I think that California anticipates 90,000 tons this year, and the other sections of the country anticipate about 160,000 tons, making 250,000 tons total.

Senator TELLER. You think there is going to be 250,000 tons of beet sugar this year?

Mr. HAVEMEYER. I think so.

Senator TELLER. You said some time ago that Hamburg fixes the price of sugar. Now, is that without any limitations or exceptions?

Mr. HAVEMEYER. That is practically without any limitations. Of course the geographical position of certain islands in the world toward the United States is a factor.

Senator TELLER. You do not claim to fix the price yourselves in this country; that is, the trust?

Mr. HAVEMEYER. We fix the price on our own product only.

Senator TELLER. Well, that is half of the sugar in the United States, you say?

Mr. HAVEMEYER. Yes.

Senator TELLER. When you fix the price, do not the rest follow?

Mr. HAVEMEYER. They follow if they can. I don't think they follow. Their sugar is not as good, and they haven't the reputation.

The CHAIRMAN. What are you speaking of now, the price of refined or the price of raw?

Senator TELLER. I am speaking about the price of sugar generally.

Mr. HAVEMEYER. The price of refined.

Senator TELLER. My idea is that a firm that buys 65 per cent of it can fix the price of the refined and of the raw both, and that they do do it.

Mr. HAVEMEYER. You are wrong. You are absolutely wrong.

The CHAIRMAN. I thought you asked the question upon that theory, and that the witness did not understand exactly what your question implied.

Mr. HAVEMEYER. If you will allow me to ask you a question?

Senator TELLER. I will answer any question that you ask me that is fair.

Mr. HAVEMEYER. I think it is a fair question on what you have said about our fixing the price of raw sugar, to account for why the Cubans the other day would sell their sugar for 1.75 and now want 1.93? If we control them, why shouldn't we scoop it all in at our own price?

Senator TELLER. My theory is you bought what you could at 1.80—

Mr. HAVEMEYER. What we could. That is the essence of the whole thing.

Senator TELLER. And when you wanted a little more you raised the price?

Mr. HAVEMEYER. What do we raise the price for?

Senator TELLER. And when they came in, you dropped it. Let me call your attention to what you said in 1899.

The CHAIRMAN. Is that before the Industrial Commission?

Senator TELLER. Yes. Senator Harris was asking these questions. He says:

I call your attention to the testimony that you gave before the United States Senate committee in answer to Senator Allen.

He is now quoting to you what you said in reply to Senator Allen:

Q. When you sell in this country, you control the price?—A. Yes, sir.

Q. And it was organized, as I understand it, with a view of controlling the price and output to the people of this country?—A. That was one of the objects of the consolidation.

Do you recall that?

Mr. HAVEMEYER. Oh, I recall that Allen garbled my testimony to his own purposes, and it appeared, not only there but elsewhere, that he perverted the whole matter. That is what I recall. I never at any place——

Senator TELLER. This was a stenographic report, was it not?

The CHAIRMAN. Let him answer. You never in any place——

Mr. HAVEMEYER. I never in any place at any time maintained that I controlled any price of refined sugar, except the company's price, or that I controlled raw sugar in any way, shape, or manner. You will have to get the original testimony if you want to know what I said to Allen.

Senator TELLER (reading):

Q. And you have succeeded in doing it?—A. Yes, sir.

Q. That was the principal object in organizing the American Sugar Refining Company?—A. It may be said that was the principal object.

Mr. HAVEMEYER. To control the price?

Mr. LEXOW. Yes, sir.

Q. And making money incident to that control?

Mr. HAVEMEYER. Did I say "control of price" or "control of output?"

Mr. LEXOW. Control of the price and the output.

Mr. HAVEMEYER. I do not think that is right.

Q. Do you wish to change the testimony that you gave before the Senate investigating committee?—A. I should have read it myself. [Witness reads testimony given before the Senate committee.] It certainly does appear that at that time that was my understanding of one of the objects of the formation of the American Sugar Refining Company.

That was your answer then. What do you say about that now? Have you changed your views on that?

Mr. HAVEMEYER. It goes without saying, Senator, that a corporation that turns out 65 per cent of the product and controls its own price renders impossible any higher price on the part of any competitor.

Senator TELLER. Absolutely.

Mr. HAVEMEYER. Undoubtedly. That goes without saying; and that is the whole purport of that questioning; but that we control any lowering of the price——

Senator TELLER. And no other company is liable to go very much below it, is it?

Mr. HAVEMEYER. The beet company struck us for 2 cents a pound, and the other companies are damaging us every day.

Senator TELLER. Damaging you how?

Mr. HAVEMEYER. Why, by lowering the price to get rid of the product. You must understand there is fully a tenth of a cent in the brands alone. People buy Havemeyer and Elder's sugar.

Senator TELLER. You think you are entitled, on account of your brand, to raise the price one-tenth of a cent a pound?

Mr. HAVEMEYER. I think Havemeyer and Elder's sugar, with its recognized superiority, leads the grocers and all buyers of sugar to exact a difference of 10 cents in advantage before they will buy any other product. That is a pure business proposition.



Senator TELLER. You think, then, that your sugar is so much better than the beet sugar that the beet sugar has to be sold at 10 cents a hundred under yours to get a market?

Mr. HAVEMEYER. Of course I think our sugar is a good deal better than beet sugar.

Senator TELLER. But that is the proposition you make.

Mr. HAVEMEYER. The grocers and others who distribute the sugar say that unless they can get some advantage from a competitor they limit their purchases to the products of the trust on account of the facilities in handling their brands.

Mr. TELLER. In one of the answers I have read you say:

At that time certainly the understanding was that was one of the objects.

Q. You say there that it was the principal object. Do you mean to say now that your recollection of the organization of the American Sugar Refining Company in 1891—do you mean to say now that your recollection is better as to the main and principal objects of that organization than it was in 1884, when you gave this testimony?

Your answer is:

I would answer by saying that when I gave the testimony that was in my mind, and I answer now what is in my mind, and that is not in my mind now.

Q. Then this testimony was true that you gave before the committee?—A. That is the way that I felt at that time, undoubtedly.

The CHAIRMAN. I do not want to set a limitation on this testimony, but it does not seem to me this has very much to do with the purpose of our inquiry.

Senator TELLER. You opened up that question yourself by asking about the price. I certainly have a right to go into it.

The CHAIRMAN. I did not ask about the price of refined sugar that I remember.

Senator TELLER. You asked about sugar.

The CHAIRMAN. That was directed to whether they could control the price of raw sugar. Now, you are asking about whether they can control the price of refined sugar, but I do not want to limit you.

Senator TELLER. I want to ask you a few more questions, and then I will take up some other things the next time. You say Cuba can send her sugar to England. Is there any refining capacity in England that could begin to refine this 750,000 tons, or any considerable part of it?

Mr. HAVEMEYER. Oh, twice the capacity.

Senator TELLER. That is in operation?

Mr. HAVEMEYER. In operation.

Senator TELLER. Have they been refining any sugar in England for some years?

Mr. HAVEMEYER. Oh, yes.

Senator TELLER. Yes; a little. How much?

Mr. HAVEMEYER. I do not know exactly how much, but I know it is in excess of a million tons.

Senator TELLER. Is it not a fact that their great consumption is not refined in England, but is refined in Germany or France or somewhere else?

Mr. HAVEMEYER. I do not think the bulk of the consumption is, Senator.

Senator TELLER. I want to call your attention to what you said about that, and I believe that was correct——

Mr. HAVEMEYER. You are asking me my views, you know, when these matters are really a matter of record, and can be obtained absolutely.

Senator TELLER. It is nearly 12 o'clock, and I just want to ask you briefly on this point. In 1899 you were asked:

If you were left perfectly free, would you be willing to face the situation, if you were guaranteed the duty would be taken off?

You had been speaking very vigorously of the tariff. I think you had said that 10 per cent was enough, or something of that kind. Your answer is:

Why should we be ruined?

Q. You would?—A. Absolutely.

That is, if the whole duty was taken off. [Reading:]

Why, England can produce it. England is one of the greatest and cheapest sugar-producing countries. They have free sugar, and in two years they cut their refining industry from two million down to a million—just divided it in two.

Q. What is the stock of the sugar company in England worth as compared with the American Sugar Refining Company?—A. It is not worth anything. I do not suppose you could sell a sugar refinery in England. There is one refinery in England that works a certain brand they have and pays a moderate profit, but the sugar-refining industry is gone—absolutely gone in England.

That is found on page 133 of the Industrial Commission's preliminary report.

Mr. HAVEMEYER. Well, the sugar-refining industry has been very much revived, you know, since the duty.

Senator TELLER. My advice, Mr. Havemeyer—and I may be mistaken; if you have any other evidence of that you can bring it when you come again—is that it has not revived, so far as the refining of sugar is concerned.

Mr. HAVEMEYER. Under its very worst aspect I give it a million tons, you know.

The CHAIRMAN. Do you know how many refineries there are there?

Mr. HAVEMEYER. No.

The CHAIRMAN. I have been told there are five refineries in operation.

Mr. HAVEMEYER. It has been very much revived since the new duties.

Senator TELLER. What are they—refineries of cane or beet?

Mr. HAVEMEYER. All grades of sugar.

Senator TELLER. If England is a good market for Cuban sugar, why have they not gone there?

Mr. HAVEMEYER. Because they can buy beet sugar cheaper, on account of the geographical position. They get supplies from Germany for 10 cents a hundred and from Cuba they get them for 25 cents.

Senator TELLER. Why have not the Cubans sent their sugar there instead of sending it to the United States? I will put it that way.

Mr. HAVEMEYER. I said on account of the geographical location of the beet to the London market.

Senator TELLER. Is it not a fact, Mr. Havemeyer, that the United States is the only market that Cuba has ever had, that amounted to anything, for her sugar?

Mr. HAVEMEYER. Not the only market she has had. Her geographical relation to the United States gives her an advantage over any other sugar-refining country.

Senator TELLER. Where has she ever exported any sugar?

Mr. HAVEMEYER. She used to export it largely to England.

Senator TELLER. How long since?

Mr. HAVEMEYER. A number of years.

Senator TELLER. It was a number of years ago?

Mr. HAVEMEYER. Yes.

Senator TELLER. For several years she has not exported anything to speak of, has she; not more than 25,000 or 30,000 tons?

Mr. HAVEMEYER. The United States is practically her market for her production, but it is owing to her geographical position, if you will be kind enough to bear that in mind. You do not appear to attach much significance to that. She can come here for 10 cents a hundred, and she can not go to England for under 15 or 20 cents.

Senator TELLER. She has a market at her own door?

Mr. HAVEMEYER. Yes.

Senator TELLER. But you say she can send her crop to England if you do not take it?

Mr. HAVEMEYER. Yes.

Senator TELLER. She would have to make entirely new alliances and business arrangements?

Mr. HAVEMEYER. No; it is a mere matter of paying the difference in freight.

The CHAIRMAN. How much would she have to discount on her price to enable her to send sugar to England?

Mr. HAVEMEYER. About a sixteenth of a cent.

The CHAIRMAN. Would not an eighth do it, sure?

Mr. HAVEMEYER. Sure.

Senator TELLER. It is now 12 o'clock, and I want to open up on another line when we resume.

The CHAIRMAN. Can you come back here Saturday morning, Mr. Havemeyer?

Mr. HAVEMEYER. I will come.

The CHAIRMAN. These other gentlemen can stay until to-morrow morning.

Senator TELLER. We are not through with Mr. Havemeyer. Of course we are not particular that he should come Saturday. Let him serve his own convenience.

Mr. HAVEMEYER. Will the following Wednesday do, then, or do you want me to come Saturday?

The CHAIRMAN. I want to get through with this thing.

Senator TELLER. I guess you had better let him come Monday.

The CHAIRMAN. Very well; we will resume your examination on Monday, Mr. Havemeyer.

Mr. HAVEMEYER. Do you want me to get you all those statistics about the beet business, or will these gentlemen do?

Senator TELLER. I would like you to bring the statistics about any point where you put your sugar down to meet the beet-sugar competition.

The CHAIRMAN. I will want to ask you something about that when Mr. Teller gets through with you.

We will adjourn now until to-morrow morning at 10 o'clock.

The committee (at 12 o'clock and five minutes p. m.) adjourned until Friday, May 2, 1902, at 10 o'clock a. m.

SUBCOMMITTEE OF COMMITTEE ON  
RELATIONS WITH CUBA, UNITED STATES SENATE,  
*Washington, D. C., May 2, 1902.*

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

**TESTIMONY OF ARTHUR DONNER.**

ARTHUR DONNER, being first duly sworn by the chairman, testified as follows:

The CHAIRMAN. Mr. Donner, I think you are treasurer of the American Sugar Refining Company?

Mr. DONNER. Yes, sir.

The CHAIRMAN. You were here yesterday?

Mr. DONNER: Yes, sir.

The CHAIRMAN. And you heard Mr. Havemeyer's testimony as to the amount of Cuban sugars which had been purchased since the 1st day of January up to the 26th day of April? You heard that testimony?

Mr. DONNER. Yes, sir.

The CHAIRMAN. I ask you, as treasurer of the company, whether that is correct?

Mr. DONNER. Yes, sir.

The CHAIRMAN. Could any Cuban sugars be purchased and paid for and you not know it?

Mr. DONNER. No, sir.

The CHAIRMAN. Could the company advance any moneys to purchase Cuban sugars and you not know it?

Senator TELLER. You have not asked him if they did, have you?

The CHAIRMAN. I am going to ask him that.

Mr. DONNER. No, sir.

The CHAIRMAN. Has the company advanced any money to purchase sugars in Cuba other than those which have been paid for?

Mr. DONNER. No, sir.

The CHAIRMAN. Upon what vouchers or evidence do you pay for sugars purchased?

Mr. DONNER. When we buy sugars, cost and freight, we pay against the shipping documents, and if we buy the sugars free on board we pay against the storage receipt.

Senator TELLER. Let me understand that. If you buy sugar in Cuba and you are to pay the freight on it, they send you a bill for the sugar and a bill for the freight at the same time, do they not?

Mr. DONNER. No; a bill of lading. They send us a bill of lading for the sugars that are shipped.

Senator TELLER. That only shows the sugar shipped?

Mr. DONNER. Yes.

Senator TELLER. It does not show about the freight?

Mr. DONNER. No.

Senator TELLER. The freight comes separately?

Mr. DONNER. The freight is stipulated in the bill of lading, and we pay the freight in New York.

Senator TELLER. You spoke about when you bought sugar free on board. What is the difference in paying for that?

Mr. DONNER. Then we pay against the storage receipts, as voucher.

Senator TELLER. I understand "free on board" means free on ship-board, does it not?

Mr. DONNER. Yes.

The CHAIRMAN. Is there any other way in which you can make payment except one of those two ways?

Mr. DONNER. No, sir.

The CHAIRMAN. Have you any memorandum or account of the payments you have made for sugar here with you?

Mr. DONNER. No; I have not brought it along.

The CHAIRMAN. You can send it to us?

Mr. DONNER. Oh, yes.

The CHAIRMAN. I will ask you to do that when you go home.

Mr. DONNER. All right, sir.

The CHAIRMAN. Showing the different payments and the dates?

Mr. DONNER. Certainly.

The CHAIRMAN. When you say you pay on shipping receipts for the cost of the sugar and the freight added, that is the bill of lading?

Mr. DONNER. Yes, sir.

The CHAIRMAN. In which the freight is added to the cost?

Mr. DONNER. Yes, sir.

The CHAIRMAN. In the bill of lading, when you say storage receipts which cover sugars which you buy free on board, what are those storage receipts?

Mr. DONNER. They are vouchers to show that the sugars are in store and that we hold the control of them.

The CHAIRMAN. Do you know anything about the custom and practice of buying there, or is your information solely as to your payments?

Mr. DONNER. Solely as to payments.

The CHAIRMAN. Can you state now from recollection how much of this sugar has been paid for since the 1st of April, or what proportion of it since that time?

Mr. DONNER. We have paid for all the sugar which was bought.

Senator TELLER. But there was nothing in Mr. Havemeyer's testimony to show how much was bought between these dates. The prices are all he gave.

Mr. DONNER. I think he gave an exact statement.

Senator TELLER. As I did not get through with him, I had not inquired about those things.

The CHAIRMAN. The point was this: I noticed a discrepancy, as everybody noticed it, between the amount of Cuban sugars he had purchased and the returns which were made from the War Department, which have not yet, of course, gone in evidence, in which they held that the option of the American Sugar Refining Company in Cuba was 3,285 tons. In looking at that statement in the record it occurred to me that the returns from which that was made up were probably up to the 25th of March or the 1st of April, and therefore I inquired of the witness, Mr. Donner, whether he could tell how much had been paid for since the 1st of April, or thereabouts.

Mr. DONNER. I could not tell without having the figures here.

The CHAIRMAN. But you can and will send us a statement of the payments which you have made for sugar?

Mr. DONNER. Certainly.

The CHAIRMAN. From the 1st of January up to the 26th of April?

Mr. DONNER. Certainly.

Senator TELLER. And the dates of the payments?

The CHAIRMAN. And the dates of the payments?

Mr. DONNER. Certainly.

Senator TELLER. I want to go back, if you are going to do that, and let his data cover more. Some of the sugar might have been bought before the 1st of April. I do not suppose there was much, but there might have been some.

The CHAIRMAN. I do not know that I want to ask Mr. Donner any more questions. I sent for him to come here without asking him to bring any data or accounts, or anything of that sort. As I understand, Mr. Donner, you are entirely willing to give to this committee all your accounts relating to the payment for Cuban sugar?

Mr. DONNER. Certainly.

The CHAIRMAN. That is all.

Senator TELLER. Do you have any knowledge of the amount that is bought and kept in Cuba? Is there any way you know anything about it?

Mr. DONNER. Yes, sir.

Senator TELLER. Mr. Havemeyer said he had 45,000 tons. Is that a correct statement?

Mr. DONNER. Yes, sir.

Senator TELLER. When was that purchased?

Mr. DONNER. That was purchased at different times, as Mr. Havemeyer stated. He had the particulars here. I do not recall the figures exactly.

Senator TELLER. When you make up your statement, can you show when that was purchased?

Mr. DONNER. Certainly.

Senator TELLER. And you can show when the other was purchased?

Mr. DONNER. Certainly.

Senator TELLER. That which has been shipped to the United States?

Mr. DONNER. Yes, sir.

Senator TELLER. Can you show where all these shipments came from?

Mr. DONNER. Yes, sir.

Senator TELLER. Will you put that in?

Mr. DONNER. Certainly.

Senator TELLER. Have you any personal knowledge of affairs in Cuba yourself?

Mr. DONNER. No, sir.

Senator TELLER. You do not go there in your duties?

Mr. DONNER. No, sir.

Senator TELLER. Do you know who these sugars are bought of?

Mr. DONNER. The firms that sell them to us are Zaldo & Co., and Francke & Co.

Senator TELLER. Those are the companies Mr. Havemeyer spoke of?

Mr. DONNER. He spoke of them, yes, sir.

The CHAIRMAN. He spoke of one other.

Mr. DONNER. Czarnikow, McDougall & Co.

Senator TELLER. Those people are in Habana?

Mr. DONNER. And in New York.

Senator TELLER. Does your bill of lading, or anything that comes to



you, show who the sugars were bought of; that is, who was the producer of the sugar?

Mr. DONNER. No, sir.

Senator TELLER. You have no means of knowing that?

Mr. DONNER. No, sir.

Senator TELLER. Nor your books do not show that?

Mr. DONNER. No, sir.

Senator TELLER. Your books do show from what section of Cuba the sugar is bought?

Mr. DONNER. Yes, sir.

Senator TELLER. That is, whether it is bought at the east end or the west end?

Mr. DONNER. Yes, sir.

Senator TELLER. I think Mr. Havemeyer agreed to bring us that. If he does not I wish you would, because we want that information.

Mr. DONNER. I will send it to you, Senator.

Senator TELLER. Have you looked over this report, made by the War Department?

Mr. DONNER. No, sir.

Senator TELLER. That purports to give the amount of sugar that different people have over there. For instance, your company have a small lot, and then it says in a general way that there is some held by others, as I recollect, and then the planters hold so much not sold and so much that advances have been made on, and all that. "Sold and delivered to island firms, 206,000 tons." That means, does it not, that the producer has parted with his title to that sugar?

Mr. DONNER. I suppose so.

Senator TELLER. You would understand that, would you not? "Pledged as security for loans in the island, but not yet sold." Do you know their method of doing business enough to know what that means?

Mr. DONNER. Well, I suppose they get advances by local banks in Habana on the sugars.

Senator TELLER. Have your people at any time been in the habit of making those advances?

Mr. DONNER. No, sir.

Senator TELLER. Have you ever made any advances to the banks there for that purpose?

Mr. DONNER. Never.

Senator TELLER. None whatever?

Mr. DONNER. Never.

Senator TELLER. I want to ask you this, for fear I might forget it: You keep the accounts and have general knowledge of the financial affairs of the company, do you not?

Mr. DONNER. Yes, sir.

Senator TELLER. You know all about it?

Mr. DONNER. Yes, sir.

Senator TELLER. At the date at which this was sent in, on March 25, can you find out when you go over, and inform us, what was the real amount that the American Sugar Refining Company held? You are credited now with having held 3,285 tons.

Mr. DONNER. What date was that?

Senator TELLER. On March 25. I would like to know what was the real fact about that.

Mr. DONNER. Certainly.

Senator TELLER (reading). "Now held at the option of other American purchasers." Do you know who they are?

Mr. DONNER. No, sir.

Senator TELLER. You are acquainted with the people who are dealing—the brokers. What American concerns—I suppose they are practically all in New York—what concerns in New York are dealing in sugar in this way, that might be included in this "Held at the option of other American purchasers?" Or would this mean some other refining company?

Mr. DONNER. I do not know that.

The CHAIRMAN. Probably other refining companies.

Senator TELLER. You have brokers in New York who buy sugar there and sell to you sometimes, have you not?

The CHAIRMAN. Commission merchants.

Senator TELLER. Are there not commission merchants who buy sugar and sell to your people?

Mr. DONNER. Yes, sir; there are very few of them left now—very few Cuba houses in New York.

Senator TELLER. Can you name any of them that are engaged in that business?

Mr. DONNER. Yes; for instance, G. Amsinck & Co. and Czarnikow, MacDougall & Co.

Senator TELLER. Are there any others?

Mr. DONNER. Mosle Brothers and Lawrence Tounure & Co.

Senator TELLER. Are they also in that business?

Mr. DONNER. They are also in the Cuban business.

Senator TELLER. Buying sugar?

Mr. DONNER. Yes, sir.

The CHAIRMAN. Commission merchants?

Mr. DONNER. Yes, sir.

Senator TELLER. Have you any knowledge of any of these other refining companies?

Mr. DONNER. No, sir.

Senator TELLER. You have no knowledge on that subject?

Mr. DONNER. No, sir.

Senator TELLER. You have no such relations with them that you could know?

Mr. DONNER. No, sir.

Senator TELLER. I find here a certain sum "contracted for in the island and not yet delivered." Under what custom would that come?

Mr. DONNER. I do not know of that.

Senator TELLER. Is it not customary for some of these people to buy sugar over there and leave it there in storage?

Mr. DONNER. Oh, yes.

Senator TELLER. There is, as I understand, ample storage at Habana for a large amount of sugar?

Mr. DONNER. Yes.

Senator TELLER. Now, the storage of sugar in Habana—is it expensive?

Mr. DONNER. No, sir.

Senator TELLER. Do they charge anything for storage?

Mr. DONNER. They only have one charge—when it is put in.

Senator TELLER. And what is that?

Mr. DONNER. I do not know the figures for that, sir.

Senator TELLER. When stored in New York, it is expensive, is it not?

Mr. DONNER. Oh, yes.

Senator TELLER. So that in buying it is left in Habana because it is cheaper, I suppose?

Mr. DONNER. Yes, sir.

Senator TELLER. I wish when you come to look into the amount of sugar bought, etc., you will also ascertain how much your firm had imported up to the 25th of March.

Mr. DONNER. Yes, sir.

Senator TELLER. What time does the grinding practically cease over there, if you know about that?

Mr. DONNER. No; I do not know, but in some plantations it is very much later than others.

Senator TELLER. I want to ask you now, Mr. Donner, what you know about the purchase, if any, of property down there by the American Sugar Refining Company in the last few years, or at any time? What are the holdings, if any?

Mr. DONNER. Holdings of what?

Senator TELLER. Of land or sugar factories, or anything of that kind, in Cuba.

Mr. DONNER. None whatever.

Senator TELLER. Do you know anything about the holding of your stockholders or directors, or anything of that kind?

Mr. DONNER. No, sir.

Senator TELLER. You could not give us any information about that?

Mr. DONNER. No, sir.

Senator TELLER. Have you any personal interests down there?

Mr. DONNER. No, sir.

Senator TELLER. Do you know anything about these other sugar refining companies?

Mr. DONNER. No, sir.

Senator TELLER. For instance, are you acquainted with this concern, the W. J. McCahan Sugar Refining Company, of Philadelphia? Do you know anything about it?

Mr. DONNER. No, sir; I know that they exist, of course.

Senator TELLER. But you have no knowledge of them?

Mr. DONNER. No, sir.

Senator TELLER. You could not give us any information about their purchases, or those things?

Mr. DONNER. No, sir.

Senator TELLER. Is it a large concern or a small one?

Mr. DONNER. Oh, it is not a large concern. I think they make about——

Senator TELLER. It is not large, compared with yours, but I mean is it considered amongst the larger concerns?

Mr. DONNER. Yes.

Senator TELLER. Is it one of those concerns you call independent from your people?

Mr. DONNER. Yes, sir.

Senator TELLER. Do you know whether your company has any relations with what is called the Van Horn syndicate?

Mr. DONNER. No, sir.

Senator TELLER. You do not know whether it has or not?

Mr. DONNER. I know they have not.

Senator TELLER. You know it has none?

Mr. DONNER. Yes, sir.

Senator TELLER. Do you know anything about the Van Horn syndicate?

Mr. DONNER. No, sir.

Senator TELLER. You are not able to give us any information about that?

Mr. DONNER. No, sir.

Senator TELLER. I suppose we can find somebody who will, though, later. I suppose you know about it in a general way as to what they are doing, do you not?

Mr. DONNER. I have not heard much of it. I know, of course, what the papers have said, but I know nothing else.

Senator TELLER. You have taken some interest in this—I do not mean financial interest—but you have taken some interest in securing the reduction on duties, have you not?

Mr. DONNER. No.

Senator TELLER. Have you not, personally?

Mr. DONNER. No, sir.

Senator TELLER. Where is your office located in New York?

Mr. DONNER. 117 Wall street.

Senator TELLER. Is there any other man by your name connected with the Sugar Refining Company?

Mr. DONNER. No, sir.

Senator TELLER. No other, Mr. Donner?

Mr. DONNER. My cousin was interested. He died about two years ago.

Senator TELLER. But he is not interested now?

Mr. DONNER. No.

Senator TELLER. What was his name?

Mr. DONNER. J. O. Donner.

Senator TELLER. But he has been dead a couple of years?

Mr. DONNER. Yes; I think he died two years ago.

Senator TELLER. At this time there is no other Mr. Donner connected with it?

Mr. DONNER. No, sir.

Senator TELLER. I want to ask you if you know anything about a circular issued, entitled Facts About Sugar—a pamphlet, it would be more properly called? Please look at it and see whether you are familiar with it.

Mr. DONNER. No; I have never seen this.

Senator TELLER. You never have?

Mr. DONNER. No, sir.

Senator TELLER. Do you not know anything about it at all? Have you never seen it before at all?

Mr. DONNER. No, sir.

Senator TELLER. Neither in manuscript nor in print?

Mr. DONNER. No, sir.

Senator TELLER. You do not know anything about it?

Mr. DONNER. No, sir.

Senator TELLER. I will ask you, so that you may deny it specifically, if you desire, whether you did not procure the printing of that document there?

Mr. DONNER. No, sir.

Senator TELLER. The one you have in your hand?

Mr. DONNER. No, sir.

Senator TELLER. You say now you never had anything to do with the printing of that?

Mr. DONNER. No, sir.

Senator TELLER. Or its publication?

Mr. DONNER. No, sir.

Senator TELLER. You never paid any money of any kind for it?

Mr. DONNER. No, sir.

Senator TELLER. And you do not know who printed it?

Mr. DONNER. No, sir.

Senator TELLER. Do you know John Oehler, a printer, in New York?

Mr. DONNER. No, sir.

Senator TELLER. You do not know him at all?

Mr. DONNER. No, sir.

Senator TELLER. I would like to ask Mr. Donner a little now about this Missouri River country business. Do you know anything about that?

Mr. DONNER. That is not in my department.

Senator TELLER. Under whose department would that come? Who would know about that?

Mr. DONNER. Well, Mr. Havemeyer personally.

Senator TELLER. Did he know all about it? Is there anybody over there who could give me more details about it—that is, the amount of sugar you sold at that low rate, and all that, or can Mr. Havemeyer give that?

Mr. DONNER. Yes, sir.

The CHAIRMAN. Is there anyone else?

Senator TELLER. Is there anybody else who can give me more detail?

Mr. DONNER. The refined sugar salesman.

Senator TELLER. Suppose you give us his name. What is his name?

Mr. DONNER. William F. Osborn.

Senator TELLER. He is the salesman who handles the sales of refined sugar?

Mr. DONNER. Yes, sir.

Senator TELLER. He would know all about it?

Mr. DONNER. I suppose he does.

Senator TELLER. We do not know much about it now, because Mr. Havemeyer did not know the places, etc. So we will leave that until later. I think that is all I want to ask Mr. Donner.

The CHAIRMAN. I will ask Mr. Donner one question, I think. So far as you know, has the American Sugar Refining Company taken any interest in trying to forward or to oppose legislation for the reduction of the duty on Cuban sugars?

Mr. DONNER. No, sir.

The CHAIRMAN. You do not know of it?

Mr. DONNER. No, sir.

The CHAIRMAN. Do you think they have?

Mr. DONNER. No; I do not think so.

Senator TELLER. You mean as a corporation?

Mr. DONNER. Yes; I only speak of the corporation.

Senator TELLER. You say the company has not. Do you know anything about the individuals, stockholders or officers, whether they have done anything about the matter?

Mr. DONNER. No, sir.

Senator TELLER. You do not know whether they have or whether they have not?

Mr. DONNER. No, sir.

Senator TELLER. You only speak of the official acts of the company?

Mr. DONNER. Yes.

Senator TELLER. And you think the company has not done anything?

Mr. DONNER. No, sir.

Senator TELLER. I suppose you would know it, though, if they had. That is all.

Mr. DONNER. I can send on these figures, I presume?

The CHAIRMAN. I think so.

Mr. DONNER. I will send them by Mr. Havemeyer.

The CHAIRMAN. I wish you would send them so that we can have them when Mr. Havemeyer comes.

Mr. DONNER. I will go back this afternoon and make them up to-morrow morning and send them to Mr. Mott. He will be here.

The CHAIRMAN. You said you had to be in Boston to-morrow morning?

Mr. DONNER. Yes.

The CHAIRMAN. Therefore we will let you go, and you will send on those statements?

Senator TELLER. Try and get them here when Mr. Havemeyer comes on the stand, if you can.

Mr. DONNER. Certainly.

The witness was excused.

### TESTIMONY OF HENRY C. MOTT.

HENRY C. MOTT, having been first duly sworn by the chairman, testified as follows:

The CHAIRMAN. What is your position in the American Sugar Refining Company? What connection have you with it?

Mr. MOTT. I have charge of the buying and distribution of raw sugar.

Senator TELLER. What is your title—buyer?

Mr. MOTT. Buyer.

Senator TELLER. Buyer for the company?

Mr. MOTT. Yes, sir.

The CHAIRMAN. How long have you been engaged in that business?

Mr. MOTT. I have been five years a buyer.

The CHAIRMAN. Before that time what was your business?

Mr. MOTT. I have been in the business for over twenty-five years.

Senator TELLER. Do you mean for this company?

Mr. MOTT. For this company since its formation, and in the same business prior to that.

Senator TELLER. Were you a buyer for the old trust that was dissolved when this one was formed?

Mr. MOTT. No; I have been a buyer for five years, but I have been in this business for over twenty-five years.

Senator TELLER. You were an employee of the concern?



The CHAIRMAN. Let us get at that. Were you employed by the companies which were taken into this corporation, or for other firms?

Mr. MOTT. For corporations that are now in the American Sugar Refining Company.

Senator TELLER. For twenty-five years?

Mr. MOTT. Yes; over that.

The CHAIRMAN. Do you buy all the sugars which are refined by the American Sugar Refining Company?

Mr. MOTT. With the exception of those in New Orleans.

The CHAIRMAN. They refine in New Orleans, I believe. It was so stated yesterday.

Mr. MOTT. Yes, sir.

The CHAIRMAN. I suppose you would except also the San Francisco concern, in which Mr. Havemeyer said the sugar company had a joint interest.

Senator TELLER. That does not belong to the trust.

Mr. MOTT. I have nothing to do with that.

Senator TELLER. That belongs to Mr. Havemeyer, I understand.

Mr. MOTT. I think Mr. Havemeyer said the American Sugar Refining Company had a joint interest.

The CHAIRMAN. A joint interest with Spreckels—that is my recollection. So that with the exception of the sugar which is refined in New Orleans, of the American Sugar Refining Company, you buy it all?

Mr. MOTT. Yes; I except the Louisiana sugar only, for I do buy foreign sugar for the New Orleans refinery.

The CHAIRMAN. How much Cuban sugar has been purchased by the American Sugar Refining Company since the 1st of January last?

Mr. MOTT. About 93,000 tons.

The CHAIRMAN. Does the 1st of January and the time subsequent to that include all purchases of the present crop?

Mr. MOTT. I think it does. If it does not actually, it does almost entirely.

The CHAIRMAN. Can you tell about your purchases of Cuban sugar prior to the 1st of January, and for some months prior to that period, for the American Sugar Refining Company—how much they were?

Mr. MOTT. They were not a very great amount, and, I think, nothing of the new crop.

The CHAIRMAN. So far as you know, what is the fact in course of business? When is a crop sold there? When are the sales completed?

Mr. MOTT. Well, on this last 1st of January, for instance, I doubt if there was over perhaps 10,000 tons of the old crop in existence in the island of Cuba.

Senator TELLER. That is, the 1900 crop?

Mr. MOTT. Yes; but in previous years they had a larger crop. They made a million and a quarter one year, and in those years they have had probably as much as 300,000 tons of the old crop on hand at the end of the year.

The CHAIRMAN. But last year it had been practically sold by the 1st of January, 1902?

Mr. MOTT. Yes, sir.

The CHAIRMAN. And have you or not any figures showing what

amounts of sugar you purchased prior to the 1st of January—for a few months previous to that time?

Mr. MOTT. I have no such figures with me.

The CHAIRMAN. The 1st of January last it was but to a small amount, if any?

Mr. MOTT. Yes; it was a small amount.

The CHAIRMAN. What is your method of buying Cuban sugars?

Mr. MOTT. We give what we term a limit—that is, in price and quantity—to one or sometimes two houses in New York who have houses in Habana. They cable them out there and we await reply, either of purchase or inability to do so.

The CHAIRMAN. When you desire to purchase sugar for the American Sugar Refining Company, who are the parties with whom you conduct the transaction? That is what I want to get at. How do you do it?

Mr. MOTT. You speak of Cuban sugars now?

The CHAIRMAN. I am speaking of Cuban sugars now.

Mr. MOTT. Zaldo & Co. and Francke, Hijos & Co.

The CHAIRMAN. They have houses in New York?

Mr. MOTT. They have; yes, sir.

The CHAIRMAN. You give your orders to them?

Mr. MOTT. Yes, sir.

Senator TELLER. Is the other concern in New York, too?

Mr. MOTT. Zaldo & Co.?

Senator TELLER. They are in New York?

Mr. MOTT. They have a house in New York and Habana, each of them.

The CHAIRMAN. But your transactions are with the house in New York?

Mr. MOTT. They are.

The CHAIRMAN. Do you buy through any other brokers except those?

Mr. MOTT. Yes.

The CHAIRMAN. What others?

Mr. MOTT. Various brokers in New York City will get Cuban sugars on consignment for parties, etc. Czarnikow, Macdougall & Co. are the largest.

The CHAIRMAN. Do you buy Cuban sugars through them or of them?

Mr. MOTT. We do, at times; yes, sir.

The CHAIRMAN. I judge from what you say that your principal purchases of Cuban sugars are through Zaldo & Co. and Francke & Co.?

Mr. MOTT. Yes, sir. We buy far the greater part of them through those firms.

The CHAIRMAN. Have they any connection with the American Sugar Refining Company—any interest in it, so far as you know?

Mr. MOTT. Not that I know of.

The CHAIRMAN. Are they commission houses?

Mr. MOTT. Yes, sir.

The CHAIRMAN. As well as brokers? That is, they are both?

Mr. MOTT. Yes; I think they call themselves commission houses.

The CHAIRMAN. Are they commission houses in the sense that they store sugars in New York?

Mr. MOTT. For their own account?

The CHAIRMAN. Yes.

Mr. MOTT. No, sir.

Senator TELLER. You think they do not, you say?

Mr. MOTT. No, sir.

Senator TELLER. They would not store it in New York, Senator; they would store it in Habana.

The CHAIRMAN. I suppose so. Do you know what proportion of the crop of Cuban sugars is purchased by the American Sugar Refining Company? Of course you can not tell accurately, but approximately.

Mr. MOTT. It is pretty hard to say. I should think that during the course of the year there is fully 50 per cent of it; probably more.

The CHAIRMAN. Who purchases the proportion of it which is not purchased by the American Sugar Refining Company?

Mr. MOTT. Mostly the other sugar-refining companies of the United States.

The CHAIRMAN. Independent refining companies of the United States?

Mr. MOTT. Yes, sir.

The CHAIRMAN. Have you an account with you of the purchases of Cuban sugar at different dates and times since the 1st of January last?

Mr. MOTT. Yes, sir.

Senator TELLER. What do you mean now? For the company's purchase?

The CHAIRMAN. Yes. You do not purchase for anybody except the American Sugar Refining Company, I suppose?

Mr. MOTT. No, sir.

The CHAIRMAN. Let me see what you have there. It begins February 19?

Mr. MOTT. Yes. I have not the detail of the entire purchases since the 1st of January. I have that in total, simply.

The CHAIRMAN. Can you give the committee the amount of Cuban sugars purchased for the American Sugar Refining Company in the years 1890 to 1902, inclusive?

Mr. MOTT. Yes, sir. You have it there.

The CHAIRMAN. Is this sheet which I now show you a correct statement of such purchases?

Mr. MOTT. Yes, sir.

The paper referred to is as follows:

*Cuban sugars purchased January 1 to April 30.*

Year.	Tons.	Year.	Tons.
1902.....	93,126	1894.....	321,347
1901.....	155,244	1893.....	246,414
1900.....	183,068	1892.....	253,871
1899.....	116,928	1891.....	190,122
1898.....	114,009	1890.....	129,065
1897.....	93,034		
1896.....	40,367	Total.....	2,115,435
1895.....	178,840		

The CHAIRMAN. Can you state the several purchases that have been made of Cuban sugar from the 19th of February to the 26th of April, inclusive, of this year, and from whom purchased, and the different amounts?

Mr. MOTT. Yes, sir.

The CHAIRMAN. The sheet which I hand you is an account of the same?

Mr. MOTT. Yes, sir.

The paper referred to is as follows:

Bought of—	Date.	Bags.	Price f. o. b., basis 95 test.
Francke, Hijos & Co.....	Feb. 19	4,500	\$1.90
Zaldo & Co.....	Feb. 21	10,000	1.90
Francke, Hijos & Co.....	Feb. 25	4,500	1.93
Zaldo & Co.....	....do...	10,000	1.93
Do.....	Feb. 27	15,000	1.93
Francke, Hijos & Co.....	Feb. 28	20,000	1.93
Zaldo & Co.....	Mar. 1	10,000	1.93
Do.....	Mar. 4	10,000	1.93
Francke, Hijos & Co.....	....do...	19,000	1.93
Do.....	Mar. 13	5,000	1.80
Zaldo & Co.....	Mar. 14	15,000	1.80
Do.....	Mar. 15	15,000	1.80
Francke, Hijos & Co.....	Mar. 17	10,000	1.80
Do.....	Mar. 20	3,000	1.83
Zaldo & Co.....	....do...	15,000	1.82
Do.....	Mar. 24	5,000	1.83
Do.....	....do...	25,000	1.35
Francke, Hijos & Co.....	Mar. 25	2,500	1.85
Do.....	Mar. 26	10,000	1.87
Do.....	Mar. 31	5,000	1.90
Zaldo & Co.....	....do...	10,000	1.90
Do.....	Apr. 2	13,000	1.90
Francke, Hijos & Co.....	....do...	10,000	1.90
Do.....	Apr. 3	20,000	1.90
Zaldo & Co.....	....do...	25,000	1.90
Do.....	Apr. 8	10,000	1.80
Francke, Hijos & Co.....	Apr. 9	5,000	1.80
Do.....	Apr. 10	10,000	1.80
Zaldo & Co.....	....do...	10,000	1.80
Do.....	Apr. 11	5,000	1.80
Do.....	Apr. 22	5,000	1.75
Francke, Hijos & Co.....	....do...	6,500	1.75
Do.....	Apr. 25	8,000	1.80
Zaldo & Co.....	Apr. 26	5,000	1.80
Total .....		856,000	

Senator TELLER. He has it in bags there. What is its equivalent in tons?

Mr. MOTT. Seven bags to the ton is about an accurate account—seven Cuban bags to a ton.

The CHAIRMAN. I see at the bottom of this sheet there is something in writing. Will you please explain what it is.

Mr. MOTT. That is simply a recapitulation of these purchases, showing that of the 356,000 bags 243,000 were bought from Zaldo & Co., and the remaining 143,000 from Francke, Sons & Co.

The CHAIRMAN. Are those long tons or short tons?

Mr. MOTT. Long tons we always speak of.

The CHAIRMAN. Can you tell the amount of sugar which has been shipped during that time from Cuba to the American Sugar Refining Company which is included in those purchases you have given us?

Mr. MOTT. Yes, sir.

Senator TELLER. You are asking what is shipped to the company, not to the United States.

The CHAIRMAN. Shipped to the company.

Mr. MOTT. 25,836 bags.

The CHAIRMAN. Is that an account of it which you have there?

Mr. MOTT. Yes, sir.

The paper referred to is as follows:

Against the foregoing purchases the following shipments have been made:

	Bags.
Steamship <i>Olinda</i> , from Matanzas, March 12.....	1, 525
Steamship <i>Vimeira</i> , from Cardenas, March 14.....	846
Steamship <i>Kennett</i> , from Cardenas, March 22; Sagua, March 24; from Matanzas, March 26.....	9, 368
Steamship <i>Olinda</i> , from Matanzas, April 9; Caibarien, March 30.....	4, 375
Steamship <i>Morro Castle</i> , from Habana, April 4.....	300
Steamship <i>Mexico</i> , from Habana, April 12.....	400
Steamship <i>Straits of Dover</i> , from Cardenas, April 10; Sagua, April 12.....	8, 745
Steamship <i>Curityba</i> , from Caibarien, April 12.....	277
Total shipment .....	25, 836

The CHAIRMAN. I see your statement of purchases begins on the 19th of February.

Mr. MOTT. Yes, sir.

The CHAIRMAN. What about purchases between the 1st of January and the 19th of February? Have you any account of those?

Mr. MOTT. They are all included in that total there of 93,000 tons.

The CHAIRMAN. How many tons are included in this statement from the 19th of February to the 30th of April?

Mr. MOTT. 50,857 tons, to be accurate.

The CHAIRMAN. Have you purchased any Cuban sugars in any other way and from any other parties than those mentioned in the statements which you have furnished, during that time?

Mr. MOTT. None further than are included in this total of 93,000. That includes everything, wherever and from whoever bought.

The CHAIRMAN. Have you purchased any sugars in Cuba by sending your orders to Cuba?

Mr. MOTT. None other than these.

The CHAIRMAN. You have already said you give your orders to these persons from whom you purchase—that you give the orders in New York.

Mr. MOTT. Yes, sir.

The CHAIRMAN. What I mean is, have you sent any orders directly to Cuba?

Mr. MOTT. No, sir; we have not.

The CHAIRMAN. Can you give me a statement of the different purchases from January 1, 1902, to February 19, 1902?

Mr. MOTT. Yes, sir.

The CHAIRMAN. And the shipments. You haven't them with you?

Mr. MOTT. I have not; no, sir.

The CHAIRMAN. Was all the sugar purchased by you for the American Sugar Refining Company between January 1, 1902, and February 19 of that year shipped?

Mr. MOTT. Yes, sir.

The CHAIRMAN. This statement, then, of the sugar purchased from the 19th of February, 1902, to April 30, 1902, includes sugars which are still remaining in Cuba or in process of shipment to the United States, belonging to the American Sugar Refining Company?

Mr. MOTT. It does.

The CHAIRMAN. Is it possible that any sugar could have been bought

by the American Sugar Refining Company and now held in Cuba without your knowledge?

Mr. MOTT. No, sir.

The CHAIRMAN. Have you any contracts for the future delivery of sugar from Cuba—

Senator TELLER. You mean has his company?

The CHAIRMAN. Yes. Have any contracts been made by the American Sugar Refining Company for the future delivery of Cuban sugar which are not included in this statement of yours?

Mr. MOTT. None whatever.

The CHAIRMAN. Have any options on Cuban sugar been secured by the American Sugar Refining Company in any way except as detailed in that statement which you have given?

Mr. MOTT. Absolutely none.

The CHAIRMAN. Do you know how the fluctuation in price is to be accounted for? Before you answer that question, I see that the prices paid for Cuban sugar range from 1.93, the highest, to 1.75, the lowest. Can you account for that change in price?

Mr. MOTT. During that time the price of beets in Europe declined considerably.

Senator TELLER. The price of beet sugar, you mean?

Mr. MOTT. Beet sugar; yes; and the shipments and arrivals in the United States of Cuban sugars shipped from the outports of Cuba were considerable and were sold at a lower price than the prevailing quotations when these purchases in question were commenced. Therefore our buying price was lowered in conformity.

The CHAIRMAN. What fixes the price of Cuban raw sugar in the United States?

Mr. MOTT. The price of European beet sugar.

The CHAIRMAN. Where do you get that price?

Mr. MOTT. From London, daily, by cable.

The CHAIRMAN. Is it fixed in London or Hamburg, or both?

Mr. MOTT. Hamburg fixes the price. That is, the sugar is quoted in London on the London market free on board Hamburg, or other German port.

Senator TELLER. You mean by that you get it at the London quotation?

Mr. MOTT. That is, in shillings and pence, free on board at a German shipping port, Hamburg principally.

The CHAIRMAN. But that is what is known as the Hamburg price?

Mr. MOTT. That is the recognized price of beet sugar at Hamburg.

The CHAIRMAN. Does the price of Cuban raw sugar vary from the Hamburg price of beet sugar?

Mr. MOTT. At times.

The CHAIRMAN. How much?

Mr. MOTT. Rarely over a sixteenth of a cent a pound.

The CHAIRMAN. And sometimes less than that?

Mr. MOTT. Frequently it is on an exact parity—usually

The CHAIRMAN. It is usually on an exact parity?

Mr. MOTT. On an exact parity.

The CHAIRMAN. If there is a variation between the price of Cuban sugar and the Hamburg price of beet sugar, what occasions it?

Mr. MOTT. At times the Hamburg price is run up through speculation on what they call the paper market, and shippers of sugar, not



only from Cuba, but all other cane-growing countries, may be ready sellers at somewhat below the parity of the beet quotation.

The CHAIRMAN. How often, if ever, have you known the price of Cuban sugar to be less than the Hamburg price, as daily quoted to you, by more than one-sixteenth of a cent?

Mr. MOTT. How often?

The CHAIRMAN. Yes; how frequently?

Mr. MOTT. Well, it has happened from time to time. I can not exactly say how frequently. It is the exception rather than the rule.

The CHAIRMAN. How much less than the Hamburg price have you known Cuban sugar to be bought at?

Mr. MOTT. An eighth of a cent a pound.

The CHAIRMAN. Any more than that?

Mr. MOTT. Possibly it might be rather more, at times.

The CHAIRMAN. I understand that a sixteenth of a cent a pound less than the Hamburg price would be the usual fluctuation?

Mr. MOTT. Yes, sir.

The CHAIRMAN. And more frequently at a parity with the Hamburg price?

Mr. MOTT. Yes, sir.

The CHAIRMAN. You started to tell why Cuban sugar could be bought at any time at less than the Hamburg price. Did you conclude all you wished to say on that subject?

Mr. MOTT. Why it could be bought?

The CHAIRMAN. At less than the Hamburg price at times.

Mr. MOTT. Well, during a period of heavy receipts of sugar from all parts of the world there is sometimes a pressure. There is more sugar offering for sale than is needed—than is wanted. Besides, the dullness of trade in refined sugar, the impossibility of moving the refined supplies, would naturally tend to cause some hesitation in loading up with raw sugars when they were in full swing.

The CHAIRMAN. It results, then, from the——

Mr. MOTT. Congestion, so to speak.

The CHAIRMAN. It results from supply and demand?

Mr. MOTT. Altogether; yes, sir.

The CHAIRMAN. The question I want to get at is this: Suppose there should be a reduction of the duty on Cuban sugar, could you, as a buyer, get the full benefit of that reduction or of any part of it?

Mr. MOTT. The buyer would not get any part of it.

The CHAIRMAN. You do not think that would make any difference in the price of Cuban sugar?

Mr. MOTT. No; for it does not with other sugars where there is no duty. It does not with Porto Rico.

The CHAIRMAN. Do you buy Hawaiian sugars?

Mr. MOTT. Yes, sir.

The CHAIRMAN. Can you buy those in the market at any less than other sugars?

Mr. MOTT. They are contracted for. We take the entire crop of the Hawaiian Islands.

Senator TELLER. They have a contract for the entire crop, so Mr. Havemeyer testified.

The CHAIRMAN. You do not buy all the Porto Rico sugar?

Mr. MOTT. No, sir.

The CHAIRMAN. They go in the market like other sugars?

Mr. MOTT. Yes, sir.

The CHAIRMAN. The price is the same?

Mr. MOTT. The price for Porto Rico sugar to-day is exactly the same as the New York full duty paid price for any sugar of equal quality.

The CHAIRMAN. And in your judgment, that would be the case if a reduction should be made of the duty upon Cuban sugars?

Mr. MOTT. The benefit would accrue to the Cuban seller entirely, in my judgment.

The CHAIRMAN. If the planter is still holding his sugar he would get the benefit of it?

Mr. MOTT. Certainly.

The CHAIRMAN. If it is in other hands in Cuba, the parties holding it there would get the benefit of it. Is that your idea?

Mr. MOTT. The owner of the sugar.

The CHAIRMAN. The owner of the sugar, whoever he may be, in Cuba?

Mr. MOTT. Yes, sir.

The CHAIRMAN. Why have you not bought as much Cuban sugar this year as in former years?

Mr. MOTT. Because it has been withheld by the Cubans.

The CHAIRMAN. They have been holding it for a higher price?

Mr. MOTT. They have been holding it in the expectation of the benefit of some reciprocity with this country.

The CHAIRMAN. They have not been offering it?

Mr. MOTT. They have not been offering it to any such extent as ordinarily.

Senator TELLER. Did you say benefit from reciprocity with this country?

Mr. MOTT. Well, any reduction of the duty.

The CHAIRMAN. You say sometimes Cuban sugars may be purchased in New York at a sixteenth or possibly an eighth of a cent a pound less than the Hamburg price. Is there ever any time when they bring more than the Hamburg price?

Mr. MOTT. Yes, sir; I have seen it.

The CHAIRMAN. You say you get daily from London the quotations of beet sugar from Germany?

Mr. MOTT. Yes, sir.

The CHAIRMAN. Is there any source from which you get daily quotations of other sugars?

Mr. MOTT. Java.

The CHAIRMAN. Of sugars quoted in the New York market?

Mr. MOTT. Yes, sir.

Senator TELLER. Are they quoted as Cuban sugar, or simply as sugar?

Mr. MOTT. All sugars are alike, as far as country of origin is concerned—all cane sugars.

The CHAIRMAN. That is, of a particular test?

Mr. MOTT. Yes, sir; of centrifugal, 96 test, and muscovado, 89 test; that is, the name of the country of origin is perhaps usually given, but not necessarily.

The committee (at 11.50 o'clock a. m.) adjourned until Monday, May 5, 1902, at 10 o'clock a. m.

WASHINGTON, D. C., *May 5, 1902.*

The committee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

### ADDITIONAL TESTIMONY OF HENRY O. HAVEMEYER.

The CHAIRMAN. Mr. Havemeyer is here, and you may examine him, Senator Teller.

Mr. HAVEMEYER. I have made several minor corrections in my previous testimony. The word "Chippawa" should be "Chaparra," and I have substituted the word "sugar" for the word "stuff," which I recollect having used. You asked me in reference to Louisiana sugars, Senator.

Senator TELLER. Yes; I want to get those.

Mr. HAVEMEYER. I stated that the first runnings, which are perfectly pure, are made into granulated, and as the syrup, or what they call "liquor," which they boil, containing the sugar, begins to deteriorate, they take the sirups from the granulated into it. The language of the printed report of my testimony uses another word. I forget what it is. That is the only correction I have made.

Senator TELLER. I wanted to find out at what points you put down the price of sugar last fall? You said you would give the points in the Missouri River country.

Mr. HAVEMEYER. The principal Missouri points——

Senator TELLER. I do not mean in Missouri, but in that western country.

The CHAIRMAN. Before you go on, Mr. Teller, while I do not want to make any suggestions to the witness, I think this inquiry ought to be confined pretty closely to the points which are in the resolution. That is all I wanted to say.

Senator TELLER. Do you think this is objectionable?

The CHAIRMAN. I am not objecting. It is merely a suggestion to you.

Senator TELLER. We had this up before and went over it, but the witness could not tell what particular points, and I did not know, of course. I suppose I can prove that by somebody else. I think it is perfectly proper.

The CHAIRMAN. My point is this: I do not see exactly how that line of inquiry throws any light on the subjects which we are called upon to inquire about. But I do not want to be technical, nor to try to limit the inquiry, except that I do not want it to drift away from the resolution and keep us here an unreasonable time. That is all.

Senator TELLER. I will try and not let it drift away. There are a good many questions I want to ask, and I will ask them as rapidly as I can. I could call some of these people who are dealing in sugar out in that Missouri River country and find out those points, but Mr. Havemeyer could give it, and certainly he would have no objection to giving it.

The CHAIRMAN. But what light does it throw on the questions which we are to investigate?

Senator TELLER. When I come to make a speech on it I am going

to show you what light I think it throws on the question, or if I make a report on it here I shall probably call attention to that.

Mr. Havemeyer can you give me the places out there, or the general extent of country, in which the prices were lowered?

Mr. HAVEMEYER. Shall I give it to you exactly as I have it, so that you can get it in a concise manner?

Senator TELLER. Have you it all written down there?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. Let me look at it and see if I can understand it. Were not St. Paul and Minneapolis included in that?

Mr. HAVEMEYER. No; those are only the principal markets. Naturally the territory within a reasonable distance of these things is affected by it; but these are the markets where the prices were made.

Senator TELLER. I simply want to know now, first, the points in the Missouri River country where you offered sugar at this low rate. Just name those and let the stenographer take it down.

Mr. HAVEMEYER. The points were Kansas City, Lincoln, Fremont, Omaha, Council Bluffs, and Sioux City.

Senator TELLER. No other places?

Mr. HAVEMEYER. Those were the principal jobbing points in the Missouri River section.

Senator TELLER. You say you did not make any low rate at Minneapolis or St. Paul?

Mr. HAVEMEYER. No, sir.

Senator TELLER. Did they come within the section influenced by this order?

Mr. HAVEMEYER. They did not.

Senator TELLER. You maintained your price there, did you?

Mr. HAVEMEYER. Yes.

Senator TELLER. The regular price?

Mr. HAVEMEYER. Yes.

Senator TELLER. Did you make any change at Denver?

Mr. HAVEMEYER. It is not given here. I do not think we did. That probably came within the influence of the price. These are the prices to these points, and naturally from these points freight was merely added to what might be termed tributary points.

Senator TELLER. Do you supply Denver from the East or from your Western refinery?

Mr. HAVEMEYER. We supply Denver from the East until the 1st of November. Then it is supplied from the South, from New Orleans.

Senator TELLER. Do you not supply the Denver market from San Francisco at all?

Mr. HAVEMEYER. I do not know whether anything came over.

Senator TELLER. Perhaps Mr. Mott would know that.

The CHAIRMAN. No; he is the buyer.

Mr. HAVEMEYER. Ordinarily there is considerable sugar shipped from San Francisco to Denver.

Senator TELLER. Yes; I think so.

Mr. HAVEMEYER. Up to the time the beet factories commence operations.

Senator TELLER. You mean until the beet factories begin to put their production on the market?

Mr. HAVEMEYER. Yes.

Senator TELLER. What time is that, usually?

Mr. HAVEMEYER. The 1st of October, I believe, in the Southwest.

Senator TELLER. You think that the price was lowered in Denver?

Mr. HAVEMEYER. Yes; I think it sympathized with that price.

Senator TELLER. Was it lowered, the same?

Mr. HAVEMEYER. The same, plus the freight from these points.

Senator TELLER. If I understood you here the other day—I think, perhaps, I got a wrong impression about it; I do not know where that is exactly, and I will not turn to it now—I understood you to say that the beet-sugar people made a cut of 10 per cent.

Mr. HAVEMEYER. No.

Senator TELLER. That is the way I got it.

Mr. HAVEMEYER. Ten points.

Senator TELLER. What is 10 points?

Mr. HAVEMEYER. Ten points is 10 points of 100, but at 4 cents a pound it would be 40 cents. The distinction is between cents and points.

Senator TELLER. I understand that now. That was made for the purpose of underbidding your people?

Mr. HAVEMEYER. You did not in your question give the contract as it was.

Senator TELLER. You mean the beet-sugar contract?

Mr. HAVEMEYER. Yes.

Senator TELLER. What was that contract?

Mr. HAVEMEYER. That any price we made they would beat it ten points.

Senator TELLER. When did they make these contracts?

Mr. HAVEMEYER. They made them, I think, in August last.

Senator TELLER. Who made them?

Mr. HAVEMEYER. The beet-sugar people, generally.

Senator TELLER. All of the beet-factory people?

Mr. HAVEMEYER. So I understood.

Senator TELLER. Did you make it in your factory over there, too?

Mr. HAVEMEYER. Where?

Senator TELLER. Why, in California. You have a factory over there with Spreckels, I understand?

Mr. HAVEMEYER. No; I am speaking of the Southwestern territory.

Senator TELLER. Did the California folks have the same?

Mr. HAVEMEYER. I do not know.

Senator TELLER. Is it not a fact, Mr. Havemeyer, that that ten points has existed practically ever since beet sugar came into the market? Has there not been that difference between the cane sugar and beet sugar—the ten points you are now complaining of?

Mr. HAVEMEYER. The ten points feature has, but that was not the objectionable feature of the contract.

Senator TELLER. Have you ever seen any of those contracts yourself?

Mr. HAVEMEYER. Oh, yes.

Senator TELLER. Then I think I shall have to insist on your telling me what factory made the contract.

Mr. HAVEMEYER. The contracts I saw were in blank. There was no name signed to them. I could not get a signed contract.

Senator TELLER. You mean you saw the forms for making the contract?

Mr. HAVEMEYER. I saw the form.

Senator TELLER. Did that change the condition at all? Had not those ten points existed for a long time? So far as the price is concerned, it did not change the condition at all, did it?

Mr. HAVEMEYER. So far as the price was concerned; no.

Senator TELLER. What did you complain of, then?

Mr. HAVEMEYER. I complained of the exclusiveness of the contract.

Senator TELLER. You do not know actually that any of them was ever signed?

Mr. HAVEMEYER. No, sir; I do not.

Senator TELLER. But you thought they might. Then they really had not changed the system of selling their sugar at all?

Mr. HAVEMEYER. They had not changed it as to the relative price. They changed it in the other, the more important feature, of excluding our sugar.

Senator TELLER. As you understood it, they had a contract that if you dropped your sugar they would drop theirs so much under you?

Mr. HAVEMEYER. Yes, sir; irrespective of any price we made.

Senator TELLER. Well, that had been the condition all the time, had it not—that if cane sugar reached a certain point beet sugar reached a point 10 points under that?

Mr. HAVEMEYER. No, sir; never before.

Senator TELLER. You say it had not?

Mr. HAVEMEYER. Never. The practice had been to sell beet sugar at 10 cents under our price, but the practice had not been to exclude our sugar from the market.

Senator TELLER. But I am asking you——

Mr. HAVEMEYER. Let us have the facts. You want the facts. Let us have them. The practice had never been to exclude our sugar from the market and drive us out through an illegal contract with the grocer.

Senator TELLER. You say that existed?

Mr. HAVEMEYER. I positively state that that existed, and I positively state that that was the cause of our lowering the prices, to recover our trade—a fair percentage of the trade.

Senator TELLER. What became of these grocerymen who had made a contract? Did the beet-sugar people enforce the contract on them?

Mr. HAVEMEYER. I have never been informed.

Senator TELLER. How many of these contracts were made?

Mr. HAVEMEYER. I understood they were made pretty generally through the West and Southwest.

Senator TELLER. You understood that, but what do you know about it?

Mr. HAVEMEYER. I know that the salesman stated that these contracts were made. The grocer stated these contracts were made. I had copies of these forms of contracts sent to me.

Senator TELLER. By grocerymen?

Mr. HAVEMEYER. Well, they came through the sugar brokers in the West. I understood that the original contracts were between the grocerymen and these beet-sugar factories. Those, of course, I could not get, but the copies of these contracts I obtained. In fact, there was no concealment of it.

Senator TELLER. Do you say the contract was a different contract from what they had been making years before?

Mr. HAVEMEYER. So I understood; yes.



Senator TELLER. And the difference was in that exclusive clause which you say was in it?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. Suppose it should turn out that there was no such contract made?

Mr. HAVEMEYER. Well, my apprehension was that it was made, and I believe it to have been made, and I acted on that hypothesis.

Senator TELLER. Did you call on the beet-sugar folks to find out whether it had been made at all?

Mr. HAVEMEYER. No, sir.

Senator TELLER. I think you said the other day you had no correspondence with them on the subject and no communication with the beet-sugar people on the subject of this reduction before it took place?

Mr. HAVEMEYER. None whatever.

Senator TELLER. Or you did not have any after it took place?

Mr. HAVEMEYER. None whatever.

Senator TELLER. You simply made that order for reduction. Were you selling sugar then under that at a loss, Mr. Havemeyer?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. I am sorry you can not give me something a little more definite about it than that.

Mr. HAVEMEYER. What feature of it is indefinite?

Senator TELLER. It is indefinite because you do not know what particular factories, if any, actually made these contracts.

Mr. HAVEMEYER. I understood the factories in the Southwest.

Senator TELLER. What do you call the Southwest? Where would these factories be located that you understood made these contracts? Just give me the points.

Mr. HAVEMEYER. Colorado and Nebraska.

Senator TELLER. You call that the Southwest?

Mr. HAVEMEYER. How do you call it—western central? We call Chicago the West.

Senator TELLER. We call it East.

Mr. HAVEMEYER. Yes; it is moving west very rapidly. I should call the Missouri River section Southwest.

Senator TELLER. Colorado and Nebraska, you say. Was there any other section?

Mr. HAVEMEYER. None that occurs to me.

Senator TELLER. Was there any complaint of the Michigan people?

Mr. HAVEMEYER. No; I never heard that they made a contract.

Senator TELLER. But they sold at the same rate?

Mr. HAVEMEYER. They sold at the same difference in price.

Senator TELLER. Ten points under yours?

Mr. HAVEMEYER. Yes.

Senator TELLER. That has been the rule for how long?

Mr. HAVEMEYER. Well, I think it was even more than that some years ago. I think within a couple of years they have narrowed the margin to 10 cents difference.

Senator TELLER. But there has always been a difference between the beet sugar and cane sugar?

Mr. HAVEMEYER. There has always been a difference of at least 10 cents between beet and cane.

Senator TELLER. You stated the other day that you had a contract with the sugar producers of Hawaii for all their crop.

Mr. HAVEMEYER. Yes.

Senator TELLER. That is, the refining company has that contract?

Mr. HAVEMEYER. The trust. We speak of the American Company as the trust, in brief.

Senator TELLER. How long have you had that contract?

Mr. HAVEMEYER. I think it is four years, possibly five.

Senator TELLER. And they ship about 300,000 tons?

Mr. HAVEMEYER. Yes.

Senator TELLER. How long have they shipped that amount?

Mr. HAVEMEYER. Well, they began with 70,000 tons in 1876 and they have been increasing it ever since, yearly.

Senator TELLER. For some years past they have shipped about 300,000 tons, have they not?

Mr. HAVEMEYER. Approximately that. I have not the figures with me.

Senator TELLER. You said the other day that was shipped to all points, as I understand?

Mr. HAVEMEYER. I beg your pardon.

Senator TELLER. I think you said it was shipped not only to San Francisco but to other places?

Mr. HAVEMEYER. Yes; to Philadelphia and New York.

Senator TELLER. What proportion of it is consumed in San Francisco or in that Western country? We will say in California.

Mr. HAVEMEYER. I think last year about 125,000 or 130,000 tons was consumed in California. The rest came East.

Senator TELLER. In what factories was it consumed or refined?

Mr. HAVEMEYER. I believe 75,000 to 80,000 tons were consumed by the Spreckels factory, and 50,000 tons were consumed by our competitor there, the Crockett.

Senator TELLER. And the balance, you think, came East?

Mr. HAVEMEYER. The balance came East, to Philadelphia and New York.

Senator TELLER. What refineries did it come to in Philadelphia?

Mr. HAVEMEYER. It came to the trust refinery.

Senator TELLER. And the same in New York?

Mr. HAVEMEYER. The same in New York.

Senator TELLER. Then you sold to the Crockett, I suppose, this 50,000 tons?

Mr. HAVEMEYER. No. I wanted to correct that when you had finished. Your question and my answer gave the impression that the supplies that went to San Francisco were owned by the trust. That is not so. The Hawaiian Island planters are divided half and half. The antagonism in San Francisco between these factions, as you may term them, is so great——

Senator TELLER. How do you mean; factions of the Hawaiian planters?

Mr. HAVEMEYER. Factions of these planters; yes. That antagonism is so great that they establish an independent refinery; Spreckles, representing, we might say, in his supplies, one half, and the Crockett refinery representing the other half. What those two refineries do not consume comes East to the trust, which has amicable relations with all the planters.

The CHAIRMAN. Then you do not have contracts for the whole?

Mr. HAVEMEYER. No. I mean all except what is consumed by the Crockett refinery in San Francisco.

Senator TELLER. Do you not have a contract with all the planters that they shall furnish you the sugar in San Francisco at a certain figure, whether it goes to your factory or to the Crockett factory?

Mr. HAVEMEYER. No; not with all the planters.

Senator TELLER. What proportion of them?

Mr. HAVEMEYER. I will put it this way: There were 50,000 tons of Hawaiian Islands sugar used by the Crockett refinery, an independent and competitive concern of the Spreckels refinery in San Francisco. There were about 75,000 tons of sugar contracted for and used by the Spreckels refinery in San Francisco, both of these supplies being independent of the trust. The balance of the supplies from the Hawaiian Islands came East to the trust.

Senator TELLER. You say that Spreckels is independent of the trust. Who sells to the Spreckels concern this sugar?

Mr. HAVEMEYER. They have the privilege, under the Hawaiian contract, to reserve for their uses what they require independent of the trust.

Senator TELLER. At those two factories?

Mr. HAVEMEYER. No; at their own factory. They have nothing to do with the other factory.

Senator TELLER. You mean the planters reserve there all they want to use in the Crockett refinery; is that it?

Mr. HAVEMEYER. One faction of these Hawaiian planters who are interested in the Crockett refinery reserves the 50,000 tons that they need for their San Francisco consumption. The rest comes to the trust. The other one-half of the planters gives Spreckels directly what he requires for his San Francisco melting, about 75,000 or 80,000 tons. The rest comes to New York or Philadelphia to the trust.

Senator TELLER. Do the Hawaiian sugar raisers own the Crockett establishment?

Mr. HAVEMEYER. Yes; one-half of the planters own the Crockett.

Senator TELLER. Absolutely and entirely?

Mr. HAVEMEYER. Absolutely and entirely.

Senator TELLER. Spreckels is not in that?

Mr. HAVEMEYER. We are not interested in any way.

Senator TELLER. You are not in it?

Mr. HAVEMEYER. No, sir.

Senator TELLER. To whom is the sugar shipped in the first instance? Is it shipped to the Crockett people, what they want, or is it shipped all over to the trust first?

Mr. HAVEMEYER. At the beginning of the season each refining company indicates to the Hawaiian Islands, or their agents, what amount of sugar is to be shipped during the year to them. Provision has to be made in the fall, before the crop, for shipping facilities. The supply is sometimes augmented by 10,000 or 15,000 tons, as the case may be, during the shipping season.

Senator TELLER. You mean they do not always melt the same amount?

Mr. HAVEMEYER. No.

Senator TELLER. Then the balance comes on to Philadelphia and New York?

Mr. HAVEMEYER. Yes.

Senator TELLER. I want to go back a moment. You testified you bought 93,000 tons in Cuba since the first of January. You were not able, I believe, the other day to give me the points at which you purchased it, except to say that it was mostly purchased outside of Habana. Can you give me that now?

Mr. HAVEMEYER. I was not to furnish that. That came up in Mr. Donner's testimony, and he is having it prepared. Mr. Mott says he has it now. Shall I hand it to you or will you examine him?

Senator TELLER. Have you a statement, Mr. Mott?

Mr. MOTT. Yes, sir. That is from Mr. Donner, the information he was to furnish.

Senator TELLER. Let me look at it and see if it is what I want.

Mr. MOTT. There is a recapitulation of it all at the end in a separate sheet.

Senator TELLER. I do not know that I want this just now. Are you still buying sugar in Cuba, Mr. Havemeyer?

Mr. HAVEMEYER. We are trying to buy it.

Senator TELLER. The sugar you have on hand is at Habana, is it?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. Forty-six thousand tons?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. I want to understand how you buy sugar in Cuba, Mr. Havemeyer. Maybe I am a little stupid about it, but I do not quite understand it in looking over your testimony.

Mr. HAVEMEYER. If you will allow me to state it I will make it very clear.

Senator TELLER. I will let you make a statement as to how you buy.

Mr. HAVEMEYER. We have an office in New York. There are sugar brokers in New York. They have their principal houses in Habana. When we want to buy sugars the offer emanates from us. We send it to Habana through our trusted agency—"Buy so many thousand bags at such and such a price, cost and freight." They buy where they can and ship it. Those same houses have a clientage all over the world, and when we are not buying in Habana they send those orders to New York for the general trade for sale. It is those sugars that are shipped from the outports that we generally buy in New York. Do you see the distinction?

Senator TELLER. Yes.

Mr. HAVEMEYER. It is practically the same people. I will illustrate: If we can buy a cargo of sugar at 2 cents, cost and freight, in New York, we try to buy it at 1.95 through our Habana houses, and if we can not buy it cheaper in Habana, we take it in at New York. That is the way it works. As long as the New York offers from the outports are cheaper than our Habana house can buy we buy them.

Senator TELLER. How much of the 93,000 tons did you buy in Cuba and not in New York? Can you tell that?

Mr. HAVEMEYER. I do not think that statement is made up.

Mr. MOTT. It is just over 50,000 tons.

Senator TELLER. Fifty thousand tons bought in Cuba?

Mr. MOTT. Yes; bought in Cuba through Zaldo & Co., and Francke & Co.

Senator TELLER. When you say you bought at 1.93 you mean—

Mr. HAVEMEYER. That is free on board. That has nothing to do with the freight.

Senator TELLER. That is all the Cuban dealer has to do with it, is to get the 1.91, or 1.92, or 1.93, whatever it might be?

Mr. HAVEMEYER. That is all.

Senator TELLER. That is all he has to do?

Mr. HAVEMEYER. Yes.

Senator TELLER. He puts it on board ship?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. You ship it to New York, and when it gets to New York you have to pay the freight?

Mr. HAVEMEYER. Yes.

Senator TELLER. Is that right?

Mr. HAVEMEYER. Yes; but the rate of freight is arranged in Habana.

Senator TELLER. So you know just what you are going to pay?

Mr. HAVEMEYER. Surely.

Senator TELLER. That is not very important; but about what is it on a ton?

Mr. HAVEMEYER. Seven to 10 cents a hundred. It is from \$1.50 to \$2.25 a ton.

Senator TELLER. But it is safe, of course, to make that contract there, and so you know just what you are going to pay?

Mr. HAVEMEYER. Yes.

Senator TELLER. When it reaches New York it has cost you 1.93 plus whatever you paid freight?

Mr. HAVEMEYER. Yes.

Senator TELLER. Then what happens? You have to pay the duty then?

Mr. HAVEMEYER. Yes. That is 1.65.

Senator TELLER. Is it 1.65 or 1.63?

Mr. HAVEMEYER. 1.65 on 95 test.

Senator TELLER. What proportion of sugar do you buy, then, in Cuba? I am not speaking of what you have bought, but what is your practice? What proportion generally do you buy in Cuba under just this arrangement you have been telling us about now?

Mr. HAVEMEYER. I could not figure the proportion. Sometimes the freights are scarce, and you have to buy free on board. I do not think any account was ever kept of the amount of sugar under the different forms.

Senator TELLER. Your books show, I suppose, always whether it is bought in Cuba or bought in New York?

Mr. HAVEMEYER. Of course it shows the transaction.

Senator TELLER. What do these other importers of sugar do? Do they buy the same way?

Mr. HAVEMEYER. You mean the other refiners?

Senator TELLER. The other refiners.

Mr. HAVEMEYER. Yes; the business is practically done on that basis.

Senator TELLER. By all the refiners?

Mr. HAVEMEYER. Yes; free on board, and cost and freight.

The CHAIRMAN. I want to ask a question just here: What do you mean when you say "our houses in Habana?"

Mr. HAVEMEYER. I should say the recognized sugar houses, Zaldo & Co., Francke, Sons & Co., and Czarnikow, MacDougall Co.

The CHAIRMAN. I understood you to say the other day you had no interest with them?

Mr. HAVEMEYER. None whatever.

Senator TELLER. Now, I want to get back to the question of your purchase of sugar. You purchase from everywhere you can, you have said?

Mr. HAVEMEYER. Yes.

Senator TELLER. I want to ask you what I asked you the other day, but I want to get it a little more in detail: If it is not a fact that the Cuban is practically limited in his sale of sugar to the American market?

Mr. HAVEMEYER. That is not the fact.

Senator TELLER. You admit, I believe, he has some advantages in this market?

Mr. HAVEMEYER. He has an advantage, due to his geographical position to the United States, which enables him to lay his sugar down here at 10 cents a hundred weight, as against 25 cents to other refining countries.

Senator TELLER. What other refining countries now do you refer to?

Mr. HAVEMEYER. I refer to England.

Senator TELLER. That is the only refining country where he could send his sugar, is it not? He could not send it to Germany or France, could he, on account of their tariff?

Mr. HAVEMEYER. No; he could not.

Senator TELLER. There is a high tariff in both of those countries?

Mr. HAVEMEYER. Surely.

Senator TELLER. He is locked out of them, but he could send it you think to England?

Mr. HAVEMEYER. Yes; he could.

Senator TELLER. Now what would he gain if he sent it to England, over sending it here?

Mr. HAVEMEYER. He would not gain or lose. He would not send it to England unless he could get the parity of the Hamburg market.

Senator TELLER. Why does he send it all to the United States, which he does?

Mr. HAVEMEYER. On account of the geographical position, which gives him some advantage in freight.

Senator TELLER. Is it not a fact that he sends it to the United States because he gets more for it here than he can anywhere else?

Mr. HAVEMEYER. Yes; he realizes more for it.

Senator TELLER. Now, if we take off the duty of 20 per cent or 25 per cent on sugar, as is proposed, do you expect the sugar refiners of this country will still continue to pay that price?

Mr. HAVEMEYER. They will have to pay it.

Senator TELLER. That is, you are going to pay him just as much as if the duty were maintained at its present rate?

Mr. HAVEMEYER. Yes.

Senator TELLER. Would that be a business proposition?

Mr. HAVEMEYER. It is an intention of legislation to do it. It is not my business to criticise it.

Senator TELLER. They can not make you do it unless you choose to, can they?

Mr. HAVEMEYER. Undoubtedly.

Senator TELLER. Why?



Mr. HAVEMEYER. Because we can not buy it any cheaper than the Hamburg market, which makes the market price of the world. If you have to pay \$10 a carat for a diamond, and somebody gives you a diamond, you can get \$10 a carat for it just the same. The fact that somebody gives it to you does not diminish the market price you receive.

Senator TELLER. Let us keep to sugar. I am not discussing diamonds.

Mr. HAVEMEYER. All right; stick to sugar.

Senator TELLER. Suppose we take the whole duty off Cuban sugar to-morrow, would you pay the same for it?

Mr. HAVEMEYER. Undoubtedly, until the production of Cuba approximated what we have to import now, which is about twice as much, at least, as she at present produces.

Senator TELLER. Suppose, on the other hand, we should add 25 per cent to the duty.

Mr. HAVEMEYER. Then that would come out of Cuba. Cuba would have to reduce the net price to here to offset it. In other words, the duty-paid price would be the Hamburg beet price plus the duty.

Senator TELLER. You insist, now, that you fix the price on sugar just the same in New York as it is in Hamburg?

Mr. HAVEMEYER. The market fixes the price. You draw your question as if we fixed the price. The market fixes the price.

Senator TELLER. You recognize that as the price?

Mr. HAVEMEYER. Yes; the best price is the Hamburg market price. The freight and the duty and everything has to conform to that—the Cuba market and all markets.

Senator TELLER. I can not understand that.

Mr. HAVEMEYER. Will you allow me to say something that will make it clear?

Senator TELLER. Yes.

Mr. HAVEMEYER. There are 250,000 tons of sugar produced in the Hawaiian Islands, and it comes in here duty free. It has not affected the price of raw material at all. Porto Rico sugar comes in free. It has not affected the price at all. I would like to add, as it may be interesting to you, that the Canadian tariff provides that on and after July 1, 1900, there shall be a reduction on all sugars from British possessions of  $33\frac{1}{3}$  per cent, and it has not affected the price of raw or refined at all. I believe that this apprehension on the part of the beet industry is fallacious. I may be wrong, and I understand perfectly that they believe I am wrong.

Senator TELLER. Canada does not buy any Cuba sugar, anyway.

Mr. HAVEMEYER. But she takes sugars from British possessions. It is in favor of British possessions that this concession is made, and it is not reflected in the price of Canadian granulated.

Senator TELLER. She has not bought any sugar to amount to anything from Cuba for years. I do not think there is very much in that.

Mr. HAVEMEYER. Senator Teller, at the appropriate time I should like to recall to you that you requested me to bring some statistics showing the relative growth of cane and beet for the last few years. I have it, made up by Czarnikow, Macdougall & Co., the recognized sugar dealers of the world. They are established in London. It shows that the production in cane and beet sugars estimated for the year 1902

exceeds that of 1901 by over a million tons. That is what hammers raw sugar. That is what the beet industry have got to have their eye on, not on the trust.

Senator TELLER. You said the other day your demand was about 150,000 tons a month.

Mr. HAVEMEYER. Yes; I said from the 1st of May until the 1st of October.

Senator TELLER. From the 1st of May to the 1st of October you said it might be 30,000 tons a month?

Mr. HAVEMEYER. No; I said from the 1st of May to the 1st of October it ought to average about 140,000 to 150,000 tons a month—35,000 tons a week, Senator.

Senator TELLER. I meant a week. That is 140,000 tons a month?

Mr. HAVEMEYER. Yes.

Senator TELLER. Who is this Mr. Welch whom you say you were interested with? What is his given name?

Mr. HAVEMEYER. I believe it is Charles.

Senator TELLER. Mr. Havemeyer, you say that all these refineries except those that belong to the trust are acting independently of it. Do you mean to say you have no relation to these other refineries at all?

Mr. HAVEMEYER. None whatever.

Senator TELLER. No control over them and no influence with them?

Mr. HAVEMEYER. No control or influence—none whatever.

Senator TELLER. Do they act absolutely independent of you in fixing the price of their product?

Mr. HAVEMEYER. They do.

Senator TELLER. How do they fix it; the same as you do yours?

Mr. HAVEMEYER. They fix the gross price the same as we, and then they make concessions. They make greater allowances to the trade than we do.

Senator TELLER. Do you not have men who visit these factories more or less to see what they are doing?

Mr. HAVEMEYER. No, sir.

Senator TELLER. Do you know Mr. Osgood Welsh?

Mr. HAVEMEYER. I do.

Senator TELLER. Is he a sugar refiner?

Mr. HAVEMEYER. No, sir.

Senator TELLER. What is he?

Mr. HAVEMEYER. He is a commission merchant.

Senator TELLER. He is not the gentleman with whom you were interested?

Mr. HAVEMEYER. No; my man spells his name W-e-l-c-h. Osgood Welsh spells it W-e-l-s-h.

Senator TELLER. It is spelled here "c-h," but that may be wrong. The Chaparra sugar establishment you mentioned. That is the one you corrected the name of, I believe.

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. That is the one Hawley is in?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. You say you own 20 per cent of that stock?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. What did you say the capacity was?

Mr. HAVEMEYER. I rather underestimated it. I said 10,000 tons.

I understand since it is about 20,000 tons. It is the first year, and they do not know what they will do.

Senator TELLER. They have a very large area of territory, have they not?

Mr. HAVEMEYER. I do not know what they have in lands.

Senator TELLER. Have you any relations with B. H. Howell, Sons, & Co.?

Mr. HAVEMEYER. None whatever.

Senator TELLER. Do they not sell sugar for you?

Mr. HAVEMEYER. None at all.

Senator TELLER. They do not sell any?

Mr. HAVEMEYER. No, sir; they do not sell any for us.

Senator TELLER. Do they sell any of your sugars?

Mr. HAVEMEYER. No.

Senator TELLER. Do you sell them sugar?

Mr. HAVEMEYER. Yes; we sell them what we call soft sugars, which they do not make—yellow sugars. We sell to them as we sell to any man.

Senator TELLER. You do not sell them refined sugar?

Mr. HAVEMEYER. Yes; we sell them refined yellow sugars, which they do not make in their refineries; but we sell them as we sell any grocer.

Senator TELLER. But you do not sell them any sugar which they make?

Mr. HAVEMEYER. No, sir.

The CHAIRMAN. Who are they? What is their business?

Mr. HAVEMEYER. They are men who operate, as I understand it, the National Refinery Company's business on a commission.

Senator TELLER. Have you any relations with the National Refinery?

Mr. HAVEMEYER. No.

Senator TELLER. None whatever?

Mr. HAVEMEYER. None whatever.

Senator TELLER. In your selling sugar, do you make a contract with your people to purchase?

Mr. HAVEMEYER. No; except at the time of sale.

Senator TELLER. You make a contract with them that they sell your sugar at a certain figure, do you not?

Mr. HAVEMEYER. Sell our sugar?

Senator TELLER. Yes.

Mr. HAVEMEYER. If they buy our sugar, they must sell it.

Senator TELLER. And they must sell it at a certain figure. Do you not contract that they shall keep up the price to a certain figure?

Mr. HAVEMEYER. I do not.

Senator TELLER. That is, if you sell to them at 4 cents they may sell it for 3 if they see fit. Is that it?

Mr. HAVEMEYER. Yes.

Senator TELLER. You do not make any contract?

Mr. HAVEMEYER. No, sir.

Senator TELLER. I did not know. I supposed you did, from some things I had heard.

Mr. HAVEMEYER. But that is not the fact.

Senator TELLER. It is claimed you folks had fixed a rate at which they could sell and would not allow them to sell anything below that; if they did, you would not give them any more.

Mr. HAVEMEYER. That was tried some years ago, but it was abandoned.

Senator TELLER. You do not do it now?

Mr. HAVEMEYER. No.

Senator TELLER. I would like to ask you a few questions that may seem to you a little out of place, but I do not think you will object to them. I would like to know what percentage of the sugars you refine are European beet sugars, if you can give that.

Mr. HAVEMEYER. I can send it to you. It is diminishing every year now. We get our supplies from Cuba and Porto Rico. Shall I send it to you?

Senator TELLER. Yes. I would like also to have you send over an account of such sugars as you refine that are foreign unrefined sugars, all told.

Mr. HAVEMEYER. We will segregate them for you.

Senator TELLER. So much beet and so much cane?

Mr. HAVEMEYER. Yes; I will separate it for you.

Senator TELLER. Then, I wish you would also send a statement of what percentage of the total of cane comes from the island of Cuba, unless you can give it now.

Mr. HAVEMEYER. Oh, I can give it; yes. I can give you the percentage of cane that Cuba makes for the world.

Senator TELLER. No; the percentage you buy.

Mr. HAVEMEYER. I could not tell you that now.

Senator TELLER. What I mean by that is this: You refine, we will say, so many tons of cane sugar. What part of that cane sugar comes from Cuba?

Mr. HAVEMEYER. I understand, Senator; you shall have it.

Senator TELLER. I wish you would also give me a statement, if you can, of the proportion of that you import yourselves and what you buy in Cuba.

Mr. HAVEMEYER. Make note of that, Mr. Mott, please.

Senator TELLER. I mean by that, what you buy and pay for in Cuba and that comes up, or what you buy of brokers in New York.

Mr. HAVEMEYER. Precisely.

Senator TELLER. As I understand, you do both ways?

Mr. HAVEMEYER. Yes.

Senator TELLER. You buy of people who import, and you buy down there, and you import yourselves?

Mr. HAVEMEYER. Yes.

Senator TELLER. I would like to know the difference between what you buy and what other people buy in Cuba and import.

Mr. HAVEMEYER. That is clear.

Senator TELLER. I think you said the other day that the sugar you import you import into the New York port? Or do you import it in some other ports?

Mr. HAVEMEYER. New York, Philadelphia, and Boston.

Senator TELLER. You import, then, in those three ports?

Mr. HAVEMEYER. Yes.

Senator TELLER. Did you ever buy sugar in Boston and transfer it to New York, or in Philadelphia and transfer it to New York?

Mr. HAVEMEYER. No.

Senator TELLER. You do not do that?

Mr. HAVEMEYER. No.

Senator TELLER. Are there any differences between the price of sugar in Philadelphia, New York, and Boston—imported sugar, I mean?

Mr. HAVEMEYER. There are at times. We have to pay a little more to get steamers to go to Philadelphia and Boston than to New York. Their outward cargoes bother them some, but the local interests won't permit us to make any difference in the refined. They are very tenacious of that.

Senator TELLER. By that you mean that it is a little cheaper to refine in New York than in Boston?

Mr. HAVEMEYER. No; I mean to say on account of the difficulty of getting out with cargoes from Philadelphia and Boston, a shipowner will not go to Philadelphia or Boston if he can come to New York, and we have to pay him a little more sometimes to go there. That is a loss to the company.

Senator TELLER. Is there a regular sugar market in New York?

Mr. HAVEMEYER. Yes.

Senator TELLER. Is there a place where sugar is sold daily in New York?

Mr. HAVEMEYER. Yes. There is not a common place, but there are four or five brokers.

Senator TELLER. Suppose an exporter from Cuba sends his sugar into New York, how is it sold?

Mr. HAVEMEYER. It is sold through a broker, ordinarily. There are four or five brokers to whom it is offered and sold.

Senator TELLER. Suppose he can not sell it at all, what does he do with it?

Mr. HAVEMEYER. He has to store it. I have never known such a contingency, however.

Senator TELLER. They always sell it at some price?

Mr. HAVEMEYER. Yes; they always sell it.

Senator TELLER. If the price does not suit them, they take what they can get, I suppose?

Mr. HAVEMEYER. Or store it.

Senator TELLER. It is expensive storing sugar, though, in New York, is it not?

Mr. HAVEMEYER. It is; very expensive.

Senator TELLER. You said so the other day. I think you said you could not give the expense of it.

Mr. HAVEMEYER. Mr. Mott ought to be familiar with all those matters. It is his business.

Senator TELLER. I have not examined him. There are, I suppose, some days when they are compelled to store their sugars when there is an oversupply?

Mr. HAVEMEYER. A very slight cut in price would affect the sale, unless there was a panic.

The CHAIRMAN. Is there ever any large accumulation of sugar in New York in the hands of commission houses or brokers?

Mr. HAVEMEYER. Oh, I have known it to be 200,000 tons, put in for a better market.

Senator TELLER. That is, you have known 200,000 tons to be in New York on the market at one time?

Mr. HAVEMEYER. Accumulated in New York.

Senator TELLER. Accumulated at one time?

Mr. HAVEMEYER. Well, we buy some of it, always.

Senator TELLER. Is there any considerable waste or deterioration of sugar in putting it into warehouse and leaving it?

Mr. HAVEMEYER. Yes, there is; but it varies according to the character of the sugar.

Senator TELLER. How would it affect Cuban sugar?

Mr. HAVEMEYER. The deterioration does not set in until about August.

Senator TELLER. After that, you mean, it does?

Mr. HAVEMEYER. It is pretty serious. I should say July, instead of August.

Senator TELLER. The first of July?

Mr. HAVEMEYER. Yes. It is very hot there; very humid.

Senator TELLER. You are now referring to Cuba?

Mr. HAVEMEYER. Yes.

Senator TELLER. I was referring to the deterioration in New York.

Mr. HAVEMEYER. Yes; in August and September it is also bad.

Senator TELLER. In New York?

Mr. HAVEMEYER. Yes.

Senator TELLER. Have you any idea of what the depreciation might be per ton of sugar held through those months, for instance?

Mr. HAVEMEYER. No; I do not think I could safely estimate that. It would have to be an average matter. I would not undertake to estimate it.

Senator TELLER. But in buying sugars after they had been some time in the market that way you would take that into consideration, would you not?

Mr. HAVEMEYER. In buying sugars?

Senator TELLER. Yes.

Mr. HAVEMEYER. We get them on a delivered test.

Senator TELLER. You would not pay as much as if the sugar was fresh?

Mr. HAVEMEYER. We get them on a delivered test. We do not concern ourselves about—

Senator TELLER. What do you mean by a delivered test?

Mr. HAVEMEYER. A test as delivered from store.

The CHAIRMAN. So many degrees?

Mr. HAVEMEYER. The deterioration goes to the owner, not to the buyer.

Senator TELLER. You buy on the number of degrees? If it has deteriorated 5°, you have that in consideration when you buy?

Mr. HAVEMEYER. Yes; we know what we buy before we buy it. We have the privilege of sampling it and forming our own estimate.

Senator TELLER. So is it not a fact that the sugar leaves Cuba pretty early in the season, as a rule?

Mr. HAVEMEYER. It begins about January.

Senator TELLER. And continues to come in here until when?

Mr. HAVEMEYER. It comes through the entire season.

Senator TELLER. Ordinarily, what is the closing of the season of shipping from Cuba?

Mr. HAVEMEYER. They hold considerable over for the next year. The Cubans are a very hopeful people, and you never can convince them that the sugar is not too cheap. Take this last year, when there has been a drop of a cent a pound—what did they hold over, Mr. Mott?



Mr. MOTT. They held over very little last year.

Mr. HAVEMEYER. How much?

Mr. MOTT. Ten thousand tons or so.

Mr. HAVEMEYER. That is a great deal for a drop of a cent a pound.

Senator TELLER. That is a pretty small holdover, though.

Mr. HAVEMEYER. It is lucky they had anything to hold over with what they have been through.

Mr. MOTT. They have had 300,000 tons at the end of the year in some of their larger crops.

Senator TELLER. That was when they had a million-tons crop, I suppose. As a rule, do they insure the sugar in New York when they store it?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. Do you know anything about the cost of insurance?

Mr. HAVEMEYER. No; I do not.

Senator TELLER. I simply want to show, if I can, that it is to their interest to sell the sugar pretty soon after they get it in New York.

Mr. HAVEMEYER. Oh, undoubtedly. The expenses are very much against it.

Senator TELLER. It is against their interest to keep it a great while in store, is it not?

Mr. HAVEMEYER. I should consider that six months' storage of sugar in New York, with the lighterage, storage, waste, deterioration of test, fire insurance, and labor would be at least near to half a cent a pound, \$10 a ton. That has been my experience, and I never store.

The CHAIRMAN. You mean you buy it for your immediate wants?

Mr. HAVEMEYER. Yes; I never buy to such an extent that I have to store sugar.

Senator TELLER. You buy as you need it for use?

Mr. HAVEMEYER. Yes; and if I want it for the future, I would buy in some other country. I would not carry it here.

Senator TELLER. If you buy sugar in Java, for instance, you buy that on the test just the same as you do here now?

Mr. HAVEMEYER. On an out-turn test. The shipper takes the risk of the deterioration of the voyage.

The CHAIRMAN. An out-turn test means the test when it reaches you?

Mr. HAVEMEYER. When delivered.

Senator TELLER. Does any of the Cuban sugar find its way into consumption in the United States without going through refining?

Mr. HAVEMEYER. Cuban?

Senator TELLER. Yes.

Mr. HAVEMEYER. Some of the higher grades. Tobacconists use it for sweetening tobacco.

Senator TELLER. But not for domestic family purposes?

Mr. HAVEMEYER. Very little.

Senator TELLER. How is that sold by the Cubans? Is it sold through the brokers in New York?

Mr. HAVEMEYER. Altogether through the brokers in New York.

Senator TELLER. Do you keep your refinery running the year round?

Mr. HAVEMEYER. Yes, sir.

Senator TELLER. You calculate to keep it running all the time?

Mr. HAVEMEYER. All the time. We very much reduce the melt-ings during the winter.

Senator TELLER. But you have stated that you do not buy and store sugar as a rule.

Mr. HAVEMEYER. No, we do not.

Senator TELLER. You buy as you need it for daily use?

Mr. HAVEMEYER. Yes.

Senator TELLER. Suppose the crop in Cuba should not be marketed at all. Suppose they should hold it back for several months, where would you secure sugars for your refinery?

Mr. HAVEMEYER. Porto Rico and South America. There is an inexhaustible quantity of beet.

Senator TELLER. Could you get sufficient beet to run your factory?

Mr. HAVEMEYER. Yes, sir. During the Spanish war we imported, I think, as high as 300,000 tons of beets.

Senator TELLER. In the year?

Mr. HAVEMEYER. In the year.

Senator TELLER. Suppose there was no legislation now, could the Cuban profitably hold his crop until the next season?

Mr. HAVEMEYER. Oh, he couldn't hold his crop. It would deteriorate.

Senator TELLER. He is not in a financial condition, either, to hold the crop, as a rule, is he?

Mr. HAVEMEYER. Oh, no.

Senator TELLER. Suppose we do not make any concession to Cuba, where will the crop be marketed?

Mr. HAVEMEYER. It will come right here.

Senator TELLER. We will get the crop anyhow?

Mr. HAVEMEYER. Yes; at its relative price to beet sugar.

Senator TELLER. Can you give me any idea how many corporations or American citizens are making sugar in Cuba at this time?

Mr. HAVEMEYER. I can not.

Senator TELLER. You have given us in your direct examination all the concerns you are interested in?

Mr. HAVEMEYER. I did.

Senator TELLER. Suppose we should reduce the tariff on sugar 50 per cent, will the consumer get any of the advantages of that?

Mr. HAVEMEYER. None whatever.

Senator TELLER. I think you stated the other day that the trust would not get any?

Mr. HAVEMEYER. None whatever.

Senator TELLER. Is it not in the power of the trust to get it if they see fit to do it?

Mr. HAVEMEYER. None whatever.

Senator TELLER. Suppose you said to the Cuban planter, "We will pay you the price that we have been paying you and we will pay the duty;" would he not be compelled to take it?

Mr. HAVEMEYER. No, sir; the price would immediately advance to offset the advantage. It is the duty-paid price that we have to pay. If he gets any concession to Cuba he immediately augments his price to that extent.

Senator TELLER. But suppose you said you would not pay it. Sup-

pose you said to him, "Well, now we will only give you half of this concession, and we will take the other half."

Mr. HAVEMEYER. His price immediately augments to the parity of beet sugar in bond.

Senator TELLER. What is he going to do with it if you say you will not take it?

Mr. HAVEMEYER. He will send it to England, and the beet market probably would drop over there.

Senator TELLER. Do you think he could get as much for it in England as in the United States?

Mr. HAVEMEYER. Less the difference in freight, he would get the same price.

The CHAIRMAN. He sells 35 per cent of the crop to other refiners, does he not?

Mr. HAVEMEYER. I suppose Senator Teller is talking about the refining industry, no matter who carries it on.

Senator TELLER. Yes; about the refining industry.

The CHAIRMAN. When you are speaking to him you are speaking about all the refiners in the United States?

Mr. HAVEMEYER. The refining industry; yes, sir.

Senator TELLER. It seems to me to be in the power of any refiner to do that. Suppose they all say, "Here, we will just take the advantage of this. You can send your sugar somewhere else, if you can." I do not believe he would send a pound of it to England.

Mr. HAVEMEYER. Senator, will you allow me to make a statement?

Senator TELLER. Yes.

Mr. HAVEMEYER. Sugar from the Hawaiian Islands comes in free. Why don't we gouge him out of all he has? There is 300,000 tons free. There is certainly no philanthropy that protects him that would not be reflected in Cuba.

Senator TELLER. The sugar from Louisiana comes in free, does it not?

Mr. HAVEMEYER. Yes; but we don't get any of that below its parity. That is sold even to better advantage sometimes than New York.

Senator TELLER. Because they have some sugar that they can use?

Mr. HAVEMEYER. Well, Porto Rico sugar comes in free.

The CHAIRMAN. If it will not interfere with you, Mr. Teller, I want to ask a question here, while I think of it.

Senator TELLER. You may ask it.

The CHAIRMAN. You stated that some time ago Canada made a differential—what was the date?

Mr. HAVEMEYER. July 1, 1900.

The CHAIRMAN. That on July 1, 1900, Canada made a differential of 33½ per cent on sugar coming from English colonies.

Mr. HAVEMEYER. "British possessions" is the language of the act.

The CHAIRMAN. Do they get the sugar now?

Mr. HAVEMEYER. Yes.

The CHAIRMAN. Does any of the West India English sugar come to the United States?

Mr. HAVEMEYER. Yes; but I guess it is a grade they don't use in Canada.

The CHAIRMAN. Do you buy those sugars?

Mr. HAVEMEYER. Yes; we buy all sorts.

The CHAIRMAN. And you think if you buy domestic sugars it is because Canada does not want them?

Mr. HAVEMEYER. That is it.

Senator TELLER. How is that?

Mr. HAVEMEYER. To buy such sugars as Canada doesn't take.

The CHAIRMAN. You have spoken of purchasing sugar in Cuba. Where do you send your orders?

Mr. HAVEMEYER. We send them to Habana.

The CHAIRMAN. You do not give your orders to a New York house in that case?

Mr. HAVEMEYER. No; we do that direct.

The CHAIRMAN. You said that you had known that sometimes an accumulation of foreign raw sugar in New York amounted to 200,000 tons. What would you say the average was?

Mr. HAVEMEYER. What is the average stock of foreign sugars in New York in bond? One hundred thousand.

Mr. MOTT. Yes; 50,000 to 100,000 tons.

The CHAIRMAN. So that 200,000 tons would be an outside figure?

Mr. HAVEMEYER. That was before the Spanish war.

The CHAIRMAN. You say you have a contract to take the Hawaiian crop. I do not want to inquire into your business, anything that you ought not to state, but what is the nature of that contract? Do you fix the price in advance at which you will take it, or is the market price controlling? If you do not want to answer, you need not.

Mr. HAVEMEYER. We take under contract the Hawaiian crop, other than that taken by San Francisco, by Spreckels, and Crockett. The basis is the New York market price the day before its arrival.

The CHAIRMAN. So it is not a contract that you will take a year's crop at a certain price?

Mr. HAVEMEYER. No; we do not know when it arrives, and the seller is protected by fixing a price the day before it arrives, so that there can be no tampering with the price against him.

The CHAIRMAN. He gets the market price under your contract?

Mr. HAVEMEYER. That is the basis.

The CHAIRMAN. You have a statement of Czarnikow, MacDougall & Co. as to the production and consumption of sugar?

Mr. HAVEMEYER. Yes, on the 1st of October, 1902.

The CHAIRMAN. It is estimated to the 1st of October, 1902. We will put this in and have it published with your testimony. It shows how much overproduction, or increased production, for the last year.

Mr. HAVEMEYER. For the last five years, of beet and cane—the source and production during the last five years of the beet and cane sugar crops of the world.

The CHAIRMAN. Does it show what surplus is now on hand?

Mr. HAVEMEYER. It shows the surplus on hand on the 1st of October, 1901.

The CHAIRMAN. How much?

Mr. HAVEMEYER. Eight hundred and fifty thousand tons; and it will be a million and a half on the 1st of October, 1902.

The paper referred to is as follows:

## CUBAN SUGAR SALES.

67

*Statistics of raw sugar.*

[The dates embraced in each campaign are from October 1 till September 30 following.]

## SEASON 1897-98.

Visible supply, October 1, 1897 .....	985, 284
Beet crops, 1897-98.....	4, 825, 000
Cane. ....	2, 537, 000
	<hr/>
	8, 347, 284
Deduct visible supply, October 1, 1898 .....	910, 171
	<hr/>
Consumption .....	7, 437, 113
	<hr/> <hr/>

## 1898-99.

Visible supply, October 1, 1898.....	910, 171
Beet crops, 1898-99.....	4, 948, 000
Cane .....	2, 792, 000
	<hr/>
	8, 650, 171
Deduct visible supply, October 1, 1899 .....	831, 558
	<hr/>
Consumption .....	7, 818, 613
	<hr/> <hr/>

## 1899-1900.

Visible supply October 1, 1899 .....	831, 558
Beet crops, 1899-1900.....	5, 518, 000
Cane .....	2, 410, 000
	<hr/>
	8, 759, 558
Deduct visible supply October 1, 1900 .....	480, 001
	<hr/>
Consumption .....	8, 279, 557
	<hr/> <hr/>

## 1900-1901.

Visible supply October 1, 1900 .....	480, 001
Beet crops, 1900-1901.....	6, 069, 000
Cane .....	3, 110, 000
	<hr/>
	9, 659, 001
Deduct visible supply October 1, 1901 .....	851, 092
	<hr/>
Consumption .....	8, 807, 909
	<hr/> <hr/>

## 1901-2.

Visible supply October 1, 1901 .....	851, 092
" Estimated " beet crops, 1901-2 .....	6, 880, 000
" Estimated " cane .....	3, 325, 000
	<hr/>
	11, 056, 092

## CUBAN SUGAR SALES.

## CANE CROP.

[In tons.]

	Estimate. 1901-2.	Actual.			
		1900-1901.	1899-1900.	1898-99.	1897-98.
Cuba .....	750,000	612,000	281,000	315,000	250,000
Porto Rico.....	100,000	75,000	33,000	55,000	51,000
Trinidad .....	50,000	48,000	38,000	49,000	48,700
Barbados .....	60,000	61,000	41,000	51,000	52,000
Martinique .....	35,000	33,000	30,000	31,000	30,700
Guadeloupe .....	40,000	38,000	23,000	39,000	37,000
Demerara .....	100,000	95,000	79,000	93,000	107,000
Brazil .....	215,000	180,000	155,000	145,000	170,000
Java.....	720,000	704,000	679,000	829,000	623,000
Philippines.....	54,500	56,000	60,000	124,000	175,000
Mauritius .....	170,000	175,000	159,000	180,000	117,000
Reunion.....	40,000	43,000	29,000	40,000	35,000
Jamaica .....	30,000	30,000	28,000	30,000	35,000
Minor Antilles .....	95,000	85,000	80,000	80,000	96,000
United States.....	300,000	350,000	200,000	275,000	345,000
Peru.....	135,000	120,000	120,000	125,000	65,000
Egypt .....	90,500	85,000	95,000	91,000	100,000
Sandwich Islands .....	340,000	320,000	280,000	240,000	200,000
Total .....	3,325,000	3,110,000	2,410,000	2,792,000	2,536,400

## BEET CROP.

Germany .....	2,300,000	1,979,000	1,798,000	1,722,000	1,852,500
Austria .....	1,320,000	1,094,000	1,108,000	1,051,000	831,500
France .....	1,200,000	1,170,000	978,000	830,000	821,000
Russia .....	1,110,000	920,000	906,000	790,000	739,000
Belgium .....	350,000	340,000	303,000	235,000	265,400
Holland .....	200,000	178,000	171,000	150,000	125,600
Other countries.....	400,000	388,000	254,000	170,000	190,000
Total .....	6,880,000	6,069,000	5,518,000	4,948,000	4,825,000
Total (cane and beets) .....	10,205,000	9,179,000	7,928,000	7,740,000	7,361,400

NEW YORK, April 23, 1902.

CZARNIKOW, MACDOUGALL & CO., LTD.,  
112 Wall Street.

The CHAIRMAN. You said you had "no antagonism against the beet industry; I am too largely interested in it myself." What do you mean by that? Are you producing beet sugar?

Mr. HAVEMEYER. Yes, sir.

The CHAIRMAN. You spoke of having purchased some lands——

Senator TELLER. He said he was with Spreckels in the beet-sugar business.

The CHAIRMAN. Perhaps you explained it.

Senator TELLER. You said you were interested with Spreckels, did you not?

Mr. HAVEMEYER. Yes; the company is interested with Spreckels.

Senator TELLER. That is the way you were producing beet sugar?

Mr. HAVEMEYER. I said that, but that does not limit it. I do not think any further explanation is needed.

Senator TELLER. What is the capacity of that Spreckels refinery?

Mr. HAVEMEYER. We made last year 28,000 tons of sugar.

Senator TELLER. Beet sugar, I mean?

Mr. HAVEMEYER. Yes; we have the largest.

Senator TELLER. That is the one you are interested in?

Mr. HAVEMEYER. That is the one the company is interested in. I am personally interested in others.



Senator TELLER. I mean the company?

The CHAIRMAN. Personally you have interests in other beet-sugar establishments?

Mr. HAVEMEYER. I have.

Senator TELLER. I have here some things that have been handed to me that I do not care about going into, but I want to know this: The English market is open now to the Cuban, is it not? He need not bring his sugar here if he does not choose to?

Mr. HAVEMEYER. He need not.

Senator TELLER. Why does he not go to England with it?

Mr. HAVEMEYER. His sugar is worth in the United States the parity of other sugars in the world. If he sends it to England, he has to pay the extra freight, because his sugar is worth in England no more than the parity, and he saves that difference in freight. That is all the difference there is to him.

Senator TELLER. Now, if we should make a concession to him of 20 or 25 per cent, and he takes his sugar to England, he certainly loses that concession, does he not?

Mr. HAVEMEYER. No; because the price advances at once to offset our concession.

Senator TELLER. Advances where?

Mr. HAVEMEYER. In Cuba, in Habana.

Senator TELLER. No; but he sends it to England to sell it. When he sends it to England, is he going to get any more for it because we made a concession to him of 20 per cent?

Mr. HAVEMEYER. He is not.

Senator TELLER. He will not be any better off than he is now, if we do not buy his sugar?

Mr. HAVEMEYER. I don't think he will. The tariff reduction is given to him that his sugar can come with greater facility to the United States.

Senator TELLER. Now, in order to get the benefit of that, the sugar refiners of the United States have got to deliver to him the concession, have they not? They have got to let him make it? That is, you have got to pay him the same price you are now paying for his sugar?

Mr. HAVEMEYER. Not the same price; no. He gets the same price plus the advantage in the concession, because it gets to the refinery duty paid.

Senator TELLER. If you should figure the value of sugar in New York to be the price in Cuba, plus freight, plus duty——

Mr. HAVEMEYER. At present.

Senator TELLER. At present. That is the way you do?

Mr. HAVEMEYER. Yes.

Senator TELLER. Now, when the duty is less, you have got to still figure it at the old rate and pay him that rate?

Mr. HAVEMEYER. No; the old rate, plus the concession.

Senator TELLER. The old rate before the concession?

Mr. HAVEMEYER. No; plus the concession that he obtains.

Senator TELLER. But that depends entirely upon——

Mr. HAVEMEYER. You have to figure backward on duty paid. You have to take 3 cents, as it were, if that is the duty-paid price, and deduct the freight and the duty.

Senator TELLER. What I am trying to get you to answer me is

whether you are going to still pay him. Here is the value of sugar in Cuba. Then you add freight, and you add duty of 1.65, we will say. Now, when you have taken one-fifth of that off, you are still going to add that 1.65 in your figuring to him?

Mr. HAVEMEYER. No; we don't add it to the duty. We add it to the price paid.

Senator TELLER. You are going to pay him the same price you now pay, when he pays 20 per cent less duty.

Mr. HAVEMEYER. I keep telling you you are wrong.

Senator TELLER. I ask you if that is not so?

Mr. HAVEMEYER. That is not so. The concession in the price is added to the free-on-board price to him.

Senator TELLER. I am talking about his bringing the sugar to New York. If sugar was 4 cents, we will say, as an arbitrary thing, in New York to-day, with the present duty, and 25 per cent, or 20 per cent of the duty was added, sugar ought to drop that much unless you folks are willing to let him get the advantage of the concession.

Mr. HAVEMEYER. He gets the advantage of the concession irrespective of us.

Senator TELLER. He does not unless you say he may.

Mr. HAVEMEYER. Well, you are wrong.

Senator TELLER. I am not. You have got the power to say "We will pay you just what we have been paying, less the commission," and if you say that he has got to take it.

Mr. HAVEMEYER. You are wrong, Senator.

Senator TELLER. That is exactly what I think you folks are going to do, or maybe you will be generous enough to say "You can have part of this concession, and we will take the balance;" but what I am coming at is, what benefit is he going to get out of a concession that we make if he has got to send it to Europe?

Mr. HAVEMEYER. I should never give him a concession if he would send his sugar to Europe. He gets his concession under our duty.

Senator TELLER. It does not benefit him any.

Mr. HAVEMEYER. Not if it goes to Europe. It benefits him to come here. That is where he gets his benefit.

Senator TELLER. He gets his benefit here, and he can not get any benefit here unless you are willing to buy his sugar.

Mr. HAVEMEYER. There you are wrong.

Senator TELLER. Who else will buy it?

Mr. HAVEMEYER. Outside refiners. Then you must recollect the sugar has got to be eaten. Somebody has got to refine it. I suppose if all the refineries were closed and no sugar was eaten the sugar would fall off in price.

Senator TELLER. Suppose you have the power to say to him, "We will not buy your sugar unless you put it at a certain figure." You say, well he can send it to Europe; and he can send it to Europe now and he certainly would not get any benefit of that concession under those circumstances.

Mr. HAVEMEYER. You are wrong in the premise that we have got him in our power. There is where you are wrong. Of course if you are convinced of that my statement would not have much force.

The CHAIRMAN. You have got to have the sugar?

Mr. HAVEMEYER. Undoubtedly.

Senator TELLER. But Mr. Havemeyer has said he could get sugar

from all over the world; that if there had not been any sugar in Cuba he would have been getting sugar, I suppose, just the same.

Mr. HAVEMEYER. The other refiners would be picking it up.

Senator TELLER. I do not know that I want to ask any more questions, Senator.

Mr. HAVEMEYER. You are going to release me entirely, are you not?

The CHAIRMAN. You want to go to New York, do you?

Mr. HAVEMEYER. I certainly do. I have got a great deal to do there.

Senator TELLER. I will agree that you may go, but if I want you to come back, you will come?

Mr. HAVEMEYER. I shall come with pleasure.

Senator TELLER. I have some questions here that I wanted particularly to ask you, but there is no time, so I will let it go.

The committee (at 12.10 o'clock p. m.) adjourned until Tuesday, May 6, 1902, at 10 o'clock a. m.

---

SUBCOMMITTEE OF THE COMMITTEE ON RELATIONS  
WITH CUBA, UNITED STATES SENATE,  
*Washington, D. C., May 6, 1902.*

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

The CHAIRMAN. Before we come to Mr. Mott's examination to-day, I want to put in this communication from the War Department, to be printed in the record.

The paper referred to is as follows:

SENATE OF THE UNITED STATES,  
COMMITTEE ON RELATIONS WITH CUBA,  
*Washington, D. C., May 2, 1902.*

Hon. ELIHU ROOT,  
*Secretary of War.*

SIR: Please send to me, for the use of the Senate Committee on Relations with Cuba, any information which you may have showing the estimated amount of the present sugar crop of Cuba; the amount which has been exported to the United States; the amount now held in Cuba, and by whom held, including specifically the holdings of the American Sugar Refining Company, and other United States users of Cuban sugar for refining.

Please give me the results in long tons, or if in bags, reduce the bags to tons.

Respectfully,

O. H. PLATT,  
*Chairman of the Committee.*

WAR DEPARTMENT, OFFICE OF SECRETARY,  
DIVISION OF INSULAR AFFAIRS,  
Washington, D. C., May 3, 1902.

SIR: I have the honor to acknowledge the receipt of your letter of the 2d instant requesting any information which the War Department possesses showing (1) the estimated amount of the present sugar crop of Cuba; (2) the amount which has been exported to the United States; (3) the amount now held in Cuba; (4) by whom held, including specifically the holdings of the American Sugar Refining Company and other United States users of Cuban sugar for refining.

In reply permit me to state that the information available at the War Department consists of a correspondence in respect of said matter passing between the War Department and the military governor of Cuba, a copy of which is herewith transmitted.

Arranged in tabulated form, the statement contained in the cablegrams from Brigadier-General Wood make a showing as follows:

Cables of April 2 and April 7 combined.

	Amount reported April 2.	Amount reported April 7.	The 2 cables com- bined.
	<i>Long tons.</i>	<i>Long tons.</i>	<i>Long tons.</i>
Output for the year to March 25.....	584,259	24,755	609,014
Amount actually in hands of planters .....	217,561	13,260	230,821
Sold and delivered to island firms .....	194,913	11,311	206,224
Contracted for in the island and not yet delivered .....	43,573	3,019	46,592
Pledged as security for loans in island but not sold.....	235,222	1,546	236,768
Held at option of American Sugar Refining Co .....	3,285	.....	3,285
Held at option of other American purchasers.....	2,285	.....	2,285
Exported to United States.....	25,646	.....	25,646

Attention is directed to the fact that this estimate includes only 136 "sugar centrals" of the 194 existing in the island and does not include sales which have been made since April 1.

I also transmit copy of a statement prepared by L. V. de Abad purporting to be taken from official statistics of the United States and England, which may afford you further information on the subject of your inquiries. I inclose copy of dispatch sent to General Wood to-day. His response will be forwarded to you.

Very respectfully,

ELIHU ROOT,  
*Secretary of War.*

Hon. O. H. PLATT, U. S. S.,  
*Senate Chamber.*

[Telegram.]

MAY 3, 1902.

Wood, Habana:

Senate Committee requests Department for information showing estimated amount present sugar crop Cuba, amount exported to United States during six months last past, amount now held in Cuba and by whom, including specifically holdings of American Sugar Refining Company and other United States refiners Cuban sugar. Secretary desires to know can you supply any matter additional to your messages of April 2 and 7.

MAGOON.

*Correspondence between the War Department and the military government of Cuba.*

WAR DEPARTMENT, Washington, March 25, 1902.

SCOTT, Habana:

It is important to know facts about the ownership of this year's sugar crop. Present solution of Cuban reciprocity threatened by allegation that large amount already sold or contracted to be sold to the American Sugar Refining Company. Many Congressmen willing to allow concessions for next year because they understand that American Sugar Refining Company will gain benefit of any concession covering this year's crop. Therefore I wish you would find out definitely as soon as possible how much of present year's crop has been sold and delivered, how much is pledged as security for loans, and whether the American Sugar Refining Company, or any American purchaser, have options on the present crop, and if so, to what extent. Also, how much of this year's crop has been exported from Cuba to date, especially to the United States. It is suggested that you get definite reports from the some 164 "centrals" that are now reported to be grinding, and also from reliable commission houses, and that this information be tabulated and furnished the War Department, and that you request all these different sources to immediately advise you thereafter of any change covering sales or contracts that may be made in the future, and that you tabulate this information from time to time, and cable War Department accordingly.

WOOD.

WAR DEPARTMENT, Washington, April 1, 1902.

WOOD, Habana:

Long in this morning asking for result of collecting information as to ownership of Cuban sugar. Bill reported yesterday, debate begins in House Tuesday, 8. Important that information be at hand by that time. What is the status?

EDWARDS.

[Copy of cablegram received at War Department April 2, 1902.]

HABANA.

EDWARDS, War Department, Washington:

Telegrams sent to 194 sugar centrals, to which 126 answers have been received to date; also telegrams sent to 36 Cuban banking firms, to which 34 replies have been received.

Figures, according to replies received, as follows:

	Long tons.
Output for the year to March 25.....	584, 259
Amount actually in hands of planters.....	217, 561
Sold and delivered to island firms .....	194, 913
Contracted for in the island and not yet delivered .....	43, 578
Pledged as security for loans in the island but not sold .....	235, 222
Held at the option of the American Sugar Refining Company.....	3, 285
Held at option of other American purchasers.....	2, 285
Exported to the United States.....	25, 646

All sugar above mentioned, except that at the option of American Sugar Refining Company and other American purchasers, is in the hands of Cuban planters and Cuban and Spanish commission houses doing business in the island of Cuba, and is not at the option of anyone. Where held as security for loans advanced to planters, the planters will get the advantage of any rise in price under conditions of deposit, as is the custom in the island. This statement shows conclusively the absolute falsity of the declarations that the sugar trusts have control of considerable portion of Cuban sugar crop. Other statements will be furnished as soon as possible.

WOOD, Military Governor.

WAR DEPARTMENT, Washington, April 7, 1902.

General Wood, Habana, Cuba:

In your cablegram April 2, note that you telegraphed 194 sugar centrals. Should not that be 164? Also notice that you had received answers from 126 at that time. Also that you telegraphed 36 banking firms, from which 34 replies were received.

Matter comes up in House to-morrow. Have you in meantime received answers from balance, or is there any change in situation? Wish you would cable me right off, that I may have information for use of House to-morrow.

EDWARDS.

[Received at War Department April 7, 1902.]

HABANA, April 7, 1902.

Captain EDWARDS, War Department, Washington:

Reference your telegram to-day, telegrams sent to 194 sugar centrals, as previously reported in my telegram 2d instant. Ten additional replies received since, which report as follows:

	Long tons.
Output for the year.....	24, 755
Amount in hands of planters.....	13, 260
Sold and delivered .....	11, 311
Contracted for with island firms, but not delivered.....	3, 019
Pledged as security for loans in island but not sold .....	1, 546

All sugar above mentioned in hands of planters and Cuban and Spanish commission houses doing business in the island, with exception of 2,368 long tons exported to United States. None at option of American Sugar Refining Company nor other American purchasers. Where held as security for loans planters will get advantage of rise in price, as stated in telegram 2d instant. Two remaining banking firms replied, "Do not make loans on sugar." Above amounts should be added to my cable of April 2. No change in situation.

WOOD, Military Governor.

[Copy of War Department telegram.]

APRIL 14, 1902.

General Wood, Habana:

Long in office this morning and states Willett & Gray's Commercial Report shows that 89,713 tons have been received in United States up to April 1 from Cuba. Your two cablegrams show that only 28,014 tons have been exported to United States. Discrepancy may be caused by fact that you have reported only 136 centrals out of 194. When can you give balance? As figures now stand, Long can not use them. Would like to have these figures for his printed speech, which will be published Wednesday, and he has promised us several pamphlet copies of same.

EDWARDS.

[Copy of cablegram received at War Department April 15, 1902.]

HABANA.

EDWARDS, Washington:

Up to 1st of April this year 705,472 sacks of sugar exported, amounting to 100,782 tons. Fifty-eight centrals, among them many of the largest in the island, failed to report although called upon. This information can be considered as exact and represents totals from different custom-houses.

WOOD.

### ADDITIONAL TESTIMONY OF HENRY C. MOTT.

The CHAIRMAN. At a former meeting of the committee, Mr. Mott, you were asked to furnish the amount of Cuban sugars furnished by the American Sugar Refining Company from January 1, 1902, to February 19, 1902, and also the amount purchased from October 1, 1901, to January 1, 1902. Have you that statement here?

Mr. MOTT. Yes, sir; here it is.



The paper referred to is as follows:

Cuban sugars purchased—

	Tons.
From October 1, 1901, to January 1, 1902 .....	45,100
From January 1, 1902, to February 19, 1902.....	15,263

The CHAIRMAN. Mr. Mott, what are these papers Nos. 1, 2, 3, and 4? Just state what they are in general.

Senator TELLER. They are different papers, are they not?

The CHAIRMAN. Yes.

Senator TELLER. Let him explain each one separately.

Mr. MOTT. No. 1 is a statement of Cuban sugars purchased and shipped from January 1 to April 30, 1902.

Senator TELLER. By the trust, you mean?

Mr. MOTT. Yes, sir; by the American Sugar Refining Company. No. 2 is the statement of Cuban sugars purchased in New York from January 1 to April 30, 1902, by the American Sugar Refining Company.

No. 3 is a statement of the amounts drawn against sugars held in warehouses in Cuba, and the dates of payment.

No. 4 is a recapitulation of the three foregoing papers.

The CHAIRMAN. Where did you get these papers?

Mr. MOTT. These were forwarded to me by Mr. Arthur Donner, treasurer of the company.

The CHAIRMAN. As he was requested to do when he was under examination?

Mr. MOTT. That is it, sir.

The CHAIRMAN. You may give them to the reporter, to be printed.

The papers referred to are as follows:

### No. 1.

*Statement of Cuban sugars purchased and shipped from January 1 to April 30, 1902.*

Lot No.	Vessel.	Port.	Date of shipment.	Tons.	Date of payment.	Amount (f.o.b. cost).
530 5/5	Morro Castle.....	Habana .....	Jan. 25	1,143	Feb. 3	\$43,181.60
531 5/5	Romsdal .....	.....do .....	Jan. 29	2,858	Feb. 10	106,237.10
533 5/5	Mexico .....	.....do .....	Jan. 31	1,800	Feb. 11	76,854.07
539 5/5	Hebe .....	Cienfuegos .....	Feb. 12	1,714	Feb. 24	72,223.07
540 5/5	Mexico .....	Habana .....	Feb. 15	214	Feb. 25	8,338.75
541 5/5	Hildur .....	.....do .....	Feb. 14	1,314	.....do .....	54,262.90
542 5/5	Mohican .....	Cardenas .....	Feb. 13	1,550	.....do .....	64,317.22
542 5/5	.....do .....	Nuevitas .....	Feb. 21	2,143	Mar. 4	89,643.73
553 5/5	Viscaina .....	Cienfuegos .....	Mar. 5	571	Mar. 17	23,862.72
555 5/5	Olinda .....	Matanzas .....	Mar. 12	218	Mar. 24	9,635.91
557 5/5	Vimiera .....	Cardenas .....	Mar. 14	121	Mar. 25	5,194.63
562 5/5	Yucatan .....	Habana .....	Mar. 24	56	Apr. 7	1,578.55
567 5/5	Kennett .....	Cardenas .....	Mar. 22	332	Apr. 5	14,407.25
567 5/5	.....do .....	Sagua .....	Mar. 24	563	Apr. 7	24,495.16
567 5/5	.....do .....	Matanzas .....	Mar. 26	443	Apr. 10	19,177.55
571 5/5	Ella .....	Banes .....	Mar. 27	1,926	Apr. 14	81,001.56
572 5/5	Olinda .....	Caibarien .....	Mar. 30	59	Apr. 12	2,538.92
572 5/5	.....do .....	Matanzas .....	Apr. 9	566	Apr. 19	23,759.97
573 5/5	Morro Castle .....	Habana .....	Apr. 4	76	Apr. 14	2,620.14
575 5/5	Mexico .....	.....do .....	Apr. 12	90	Apr. 21	3,129.13
578 5/5	Straits of Dover .....	Cardenas .....	Apr. 10	1,038	Apr. 19	43,509.64
578 5/5	.....do .....	Sagua .....	Apr. 12	1,089	Apr. 22	43,999.42
578 5/5	.....do .....	Nuevitas .....	Apr. 18	428	Apr. 29	12,869.12
586 5/5	Curityba .....	Caibarien .....	Apr. 12	40	Apr. 22	1,628.67
583 5/5	Fortuna .....	Cienfuegos .....	Apr. 18	1,571	May 1	61,936.73
588 5/5	Seguranca .....	.....do .....	Apr. 22	214	May 4	6,262.89
589 5/5	Mexico .....	Habana .....	Apr. 26	33	May 5	992.83
5/5	Iris .....	Banes .....	Apr. 16	2,000	Apr. 27	73,800.26
5/5	Falk .....	Guantanamo .....	Apr. 18	1,000	Apr. 29	35,490.40
	Total .....	.....	.....	25,170	.....	1,006,949.89

CUBAN SUGAR SALES.

No. 2.

Cuban sugars purchased in New York from January 1 to April 30, 1902, (duty paid).

Port.	Tons.	Value.	Date of payment.
Guantanamo .....	101	\$7,120. 90	Feb. 6
Cienfuegos .....	857	66,808. 54	Feb. 7
Do.....	428	36,919. 18	Feb. 17
Manzanillo.....	1,143	78,986. 83	Feb. 24
Cienfuegos .....	1,857	140,918. 57	Mar. 11
Do.....	2,857	227,376. 94	Mar. 12
Do.....	716	44,191. 57	Mar. 17
Do.....	857	70,536. 66	Mar. 26
Guantanamo .....	543	41,340. 38	Mar. 31
Manzanillo.....	2,723	204,010. 90	Apr. 2
Santiago de Cuba .....	714	49,158. 82	Apr. 8
Neuvitas .....	1,714	142,125. 86	Apr. 12
Manzanillo.....	357	29,062. 60	....do .....
Do.....	1,428	116,000. 10	Apr. 26
Cienfuegos .....	712	45,410. 90	....do .....
Guantanamo .....	1,171	87,304. 02	Apr. 28
Do.....	665	48,648. 70	Apr. 30
Do.....	2,143	161,164. 81	May 2
Total .....	20,986	1,597,086. 28	

No. 3.

Amounts drawn against sugars held in warehouses in Cuba.

Date of acceptance.	Bags.	Amount drawn.	Date of payment.
1902.			
March 7 .....	3,788	\$23,104. 45	Mar. 14
Do.....	3,827	23,835. 55	Do.
March 12 .....	19,800	122,789. 11	Mar. 18
March 14 .....	18,662	115,560. 97	Mar. 20
March 24 .....	4,488	25,568. 74	Mar. 30
March 26 .....	11,191	63,880. 02	Apr. 1
April 4.....	11,287	66,920. 31	Apr. 10
April 7.....	4,500	26,987. 99	Apr. 13
April 11.....	9,833	59,204. 10	Apr. 17
Do.....	19,725	119,633. 63	Do.
April 18.....	5,010	29,115. 44	Apr. 24
Do.....	10,152	58,843. 62	Do.
April 30.....	6,603	37,000. 00	May 6
March 3 .....	9,023	53,865. 83	Mar. 9
March 4 .....	9,231	55,038. 00	Mar. 10
March 7 .....	13,799	82,443. 27	Mar. 13
March 10 .....	18,278	109,232. 95	Mar. 16
March 17 .....	4,860	26,592. 32	Mar. 23
March 18 .....	9,045	49,398. 00	Mar. 24
March 19 .....	13,500	73,646. 00	Mar. 25
March 24 .....	13,545	73,822. 37	Mar. 30
March 26 .....	4,525	24,623. 51	Apr. 1
March 31 .....	21,740	118,353. 07	Apr. 6
April 4 .....	5,000	30,000. 00	Apr. 10
April 7 .....	4,500	26,901. 03	Apr. 13
Do.....	13,000	78,000. 00	Do.
April 8 .....	10,000	60,000. 00	Apr. 14
April 9 .....	7,977	47,862. 00	Apr. 15
April 11 .....	6,955	41,730. 00	Apr. 17
April 14 .....	9,949	59,694. 00	Apr. 20
April 15 .....	10,000	57,500. 00	Apr. 21
April 18 .....	5,000	28,750. 00	Apr. 24
April 28 .....	5,000	27,500. 00	May 4
April 30 .....	5,000	28,750. 00	May 6
Bags.....	328,793	1,926,146. 28	
Tons .....	46,970	.....	

	Bags.	Tons.
Quantity held at:		
Cardenas .....	138,020	19,717
Mantanzas.....	121,193	17,313
Sagua .....	57,074	8,153
Caibarien .....	6,206	887
Habana.....	6,300	900
Total .....	328,793	46,970

## No. 4.

*Recapitulation.*

	Tons.	Value.
Sugar purchased and shipped from Cuba Jan. 1 to Apr. 30, 1902.....	25, 170	\$1, 006, 949. 89
Bought in New York, duty paid .....	20, 986	1, 597, 086. 28
Purchased in Cuba, not yet shipped, but paid for.....	46, 970	1, 926, 146. 28
Total.....	93, 126	4, 530, 182. 45

	Bags.	Tons.
Our present stock in Cuba.....	328, 793	46, 970
Our stock in Cuba on Mar. 25 .....	345, 991	49, 427
We imported until Mar. 25.....	102, 195	14, 597

The CHAIRMAN. Were you requested to furnish any other information?

Mr. MOTT. Yes; the daily reports of the New York sugar brokers. They are here.

The CHAIRMAN. That was all, was it, Mr. Mott?

Mr. MOTT. That was all; yes, sir.

Senator TELLER. Mr. Mott, you stated in your direct testimony: "I have charge of the buying and distribution of raw sugar." Now, I want to ask you how far your personal knowledge of the buying goes? To what extent do you make yourself familiar with the buying?

Mr. MOTT. In its entirety, with every phase of it.

Senator TELLER. Suppose you were buying sugar from Java, do you make yourself acquainted with anything except the fact that you buy through some broker?

Mr. MOTT. That is all.

Senator TELLER. That is what you mean?

Mr. MOTT. Yes, sir.

Senator TELLER. I will put it the other way. When you order sugar from Cuba, or when you buy it, we will say, in Cuba, do you know anything from what estates it is bought?

Mr. MOTT. I do not.

Senator TELLER. All you know is that the broker agrees to put so much sugar on board the ship?

Mr. MOTT. Of a certain quality, of a certain grade.

Senator TELLER. Do you give him the price that you want to pay? For instance, suppose you were going to telegraph to one of these brokers you mentioned here, would you say: "Buy so much sugar at a given price?"

Mr. MOTT. Let me explain that.

Senator TELLER. That is what I want.

Mr. MOTT. All of these brokers, with the exception of Zaldo & Co. and Francke & Co., who only buy on orders—all of these brokers come to the refiners with offers of sugar. That is, they tender quantities for certain times of shipment at certain prices from day to day.

Senator TELLER. You mean they send a proposition?

Mr. MOTT. Yes; so that the business is not wholly done in giving orders to others. Offers come to us in the course of business.

Senator TELLER. Then you accept or decline the offers?

Mr. MOTT. Exactly.

Senator TELLER. Now, about Zaldo & Co. and Francke & Co.; how do you deal with them?

Mr. MOTT. They deal only on orders. Not having sugars of their own in Cuba, as I understand it, they come to us and ask us for a limit, as it is termed, which, if we want to buy sugar, we give them—one of them or both of them.

Senator TELLER. And you say, then, in substance, "Send so much sugar at such a figure," whatever you choose to pay?

Mr. MOTT. Yes. We give an order to buy so many thousand bags at such a price.

Senator TELLER. Freight added?

Mr. MOTT. Yes. The transactions are generally cost and freight. That is, cost including the freight.

Senator TELLER. Is the freight a sort of fixed arrangement, so that you know just what you have to pay?

Mr. MOTT. The price, including the freight, makes the freight fixed, as far as we are concerned. The shipper has to arrange for the freight.

Senator TELLER. Your rule is to say: "Buy so much sugar, cost so much;" which includes the freight?

Mr. MOTT. That is it.

Senator TELLER. So you know just what is coming to New York?

Mr. MOTT. Exactly.

Senator TELLER. How do you determine what figure to put on it? Suppose you wanted 2,000 bags or 100,000 bags to-day.

Mr. MOTT. Well, it is based on the current market price—the market price of the world.

Senator TELLER. The market price in New York?

Mr. MOTT. The market price in New York; sometimes a greater price.

Senator TELLER. How is that?

Mr. MOTT. Sometimes a higher price.

Senator TELLER. Sometimes you bid higher than the New York price?

Mr. MOTT. Yes, sir; very frequently.

Senator TELLER. Do you ever bid lower?

Mr. MOTT. It probably has happened; yes.

Senator TELLER. Do you determine that arbitrarily yourself, as a buyer, or is that determined by some board or something?

Mr. MOTT. Naturally I confer with others from time to time; but I also have considerable discretion. It is necessary for anyone to be in touch with such a business.

Senator TELLER. Is there a daily price of sugar in New York, bulletined out every morning?

Mr. MOTT. Yes; in the brokers' offices.

Senator TELLER. Are they all alike?

Mr. MOTT. Yes; because that price is the last price at which a sale has been made in the New York market.

Senator TELLER. That is to say, if a cargo of sugar was brought in and sold at a high rate, it would be a high price the next morning?

Mr. MOTT. They alter the price each morning to conform to business which has been done the day before.

Senator TELLER. Does it mean all the business or the last business, would you say?

Mr. MOTT. Well, not all the business, because many sales are done on what they call private terms, and are not to be reported. That is a condition of the sales frequently, but as a rule the business is public and is known to all the brokers, and they so record them in their circular the following morning.

Senator TELLER. Is it not a fact that sometimes the market opens at one thing and closes at another?

Mr. MOTT. Yes.

Senator TELLER. Either higher or lower?

Mr. MOTT. Yes, sir.

Senator TELLER. What does that? What creates that? You do not do that on a statement from London?

Mr. MOTT. Yes; a higher price from London would bring that about.

Senator TELLER. When it is higher in London, does it always bring a higher price in New York?

Mr. MOTT. I do not know that it always does.

Senator TELLER. A lower price always does, does it not?

Mr. MOTT. No; not always.

Senator TELLER. How often do you get these London quotations?

Mr. MOTT. Every morning, and sometimes again during the day where there is a change.

Senator TELLER. Where there is any material change? What makes the variation? Suppose you do not get it from London, what other cause would make the variation in the price of sugar from 10 o'clock to-day down to, say, 3 o'clock this afternoon in New York?

Mr. MOTT. Supply and demand, I should say.

Senator TELLER. That is what I am trying to get at.

Mr. MOTT. Exactly.

Senator TELLER. Is it not a fact that if very little sugar was offering sugar would hold firmer than if a great lot was offered?

Mr. MOTT. Certainly.

Senator TELLER. I am now speaking of raw sugar particularly.

Mr. MOTT. Yes, sir.

Senator TELLER. Is there any greater fluctuation in the price of raw sugar than there is in refined?

Mr. MOTT. More frequent?

Senator TELLER. Yes; more frequent fluctuation or more extensive fluctuation?

Mr. MOTT. I think there are more frequent ones in the raw sugar than in refined.

Senator TELLER. The refined sugar holds pretty steadily at a figure, does it not?

Mr. MOTT. No; it varies from time to time. If there is a marked drop in the price of raw sugar, there would also be a reflection of it in the price of refined.

Senator TELLER. Always?

Mr. MOTT. I think generally.

Senator TELLER. Then, when raw sugar rises, does refined go up with it accordingly?

Mr. MOTT. I think it does generally; yes.

Senator TELLER. About what is the difference between raw sugar and refined sugar in New York, taking any amount?

Mr. MOTT. I think about nine-tenths of a cent a pound.

Senator TELLER. It sometimes goes higher?

Mr. MOTT. I do not think it has been for a considerable period.

Senator TELLER. Do you know what it is now at this time?

Mr. MOTT. I do not. I have been away from New York for a week.

Senator TELLER. Could you give what it was last week, then, if you have been away for some days?

Mr. MOTT. Four and a half cents a pound was the price of granulated sugar, I think, last week.

Senator TELLER. What was raw sugar?

The CHAIRMAN. Duty paid?

Senator TELLER. Being sold on the market, I mean. Of course it has to be duty paid.

Mr. MOTT. It sold at  $3\frac{7}{8}$ .

Senator TELLER. How is that?

Mr. MOTT.  $3\frac{7}{8}$ —3.56.

Senator TELLER. That was the price of raw sugar. What did you say was the price of refined; 4 what?

Mr. MOTT. 4.50.

Senator TELLER. That is 94 cents, is it not, per hundred pounds? I wish you would just take that list there and see for a week or ten days what the variation has been. You can pick out any particular time. You have them for several months, I understand.

The CHAIRMAN. He may not have them for raw sugars.

Senator TELLER. That shows both, does it not, Mr. Mott?

Mr. MOTT. It shows partly both.

Senator TELLER. Willetts & Gray's publication shows it for both, does it not?

Mr. MOTT. Here is the report of May 2. That is the latest I have here.

Senator TELLER. What was it then? Refined sugar was selling at what?

Mr. MOTT. Refined sugar was selling at 4.51 net.

Senator TELLER. Just explain what you mean by net.

Mr. MOTT. That means with the discount off.

Senator TELLER. Give me the price of raw sugar for that day.

Mr. MOTT. The price of centrifugals, as quoted here that day, was  $3\frac{1}{2}$  cents. That is based on the last previous sale.

Senator TELLER. That is a difference of 1 cent a pound that day.

Mr. MOTT. I have none later. I believe sugar sold in New York a sixteenth higher that day, the 2d.

Senator TELLER. A sixteenth is 6 cents on a hundred, is it not?

Mr. MOTT. Yes, sir. They report the price as of the last previous sale. There is a sale reported the previous day at  $3\frac{1}{2}$  cents.

Senator TELLER. These lists show where the sugar goes, do they?

Mr. MOTT. The sales.

Senator TELLER. This says "2,000 bags, Cuba centrifugal, on spot." That means cash, I suppose?

Mr. MOTT. All sugars in the New York market are sold for cash; that is, everything is ten days or six days.

Senator TELLER. " $3\frac{7}{8}$ , basis 96 degrees." Is that word "landed?"

Mr. MOTT. Yes.

Senator TELLER. "Landed mostly to Arbuckle, and 1,500 selling at  $1\frac{3}{4}$ ;" that is,  $1\frac{1}{4}$ .



Mr. MOTT. That is cost and freight, probably; that is, without duty, in bond.

Senator TELLER. What would  $1\frac{1}{2}$  amount to?

Mr. MOTT. 1.75.

Senator TELLER. Then you want to add to that 1.65?

Mr. MOTT. 1.685; that is, 96 test.

Senator TELLER. That is, 3.43.

Mr. MOTT. There is insurance to be added to that—the marine insurance, which is in Cuba about one-half of 1 per cent. It would bring it up to the equivalent of  $3\frac{1}{8}$ .

Senator TELLER. It probably would?

Mr. MOTT. Yes; that is what that price—cost and freight—is the equivalent of, duty paid. Sometimes there is a slight proportional difference—very slight.

Senator TELLER. Here are 655 bags “mol.”

Mr. MOTT. Molasses sugar.

Senator TELLER. That is a lower grade, is it?

Mr. MOTT. Yes, sir; the lowest grade.

Senator TELLER. That we will not bother with, because that sells, I see, at a different price. Then there are 4,650 bags. That is the same,  $1\frac{1}{2}$ , and that went to Kelly?

Mr. MOTT. It was sold by Kelly.

Senator TELLER. Was this being sold?

Mr. MOTT. It is the name of the seller, I think.

Senator TELLER. I thought that was the party who bought it?

Mr. MOTT. The first party is the seller, and the second name there is the purchaser, Arbuckle, and then A. S. R. Co.—the American Sugar Refining Company. Basis 96, landed, Mosely to Arbuckle. That is Mosely Brothers.

Senator TELLER. I thought it was mostly to Arbuckle.

Mr. MOTT. No; I did not catch that when you said it.

Senator TELLER. The whole of it did go to Arbuckle?

Mr. MOTT. Just these three, and this is the American Sugar Refining Company.

Senator TELLER. Can you tell us how much sugar they bought from April 26, when the last statement was made, up to this time?

Mr. MOTT. I haven't that; no, sir.

Senator TELLER. Could you get it out of these lists?

Mr. MOTT. Well, I could only get the portion that is reported there. I do not know what other there might be.

Senator TELLER. Will you send that over when you go? I believe we asked Mr. Havemeyer to do it, but I am not quite certain. We have no statement of sugar bought after April 26. Those 93,000 tons you gave us only go to April 26. There has been a week elapsed since that time.

Mr. MOTT. You see, we are buying every day. That would constantly be changing.

Senator TELLER. There will be some every day. We want to get it up as late as we can. I want the Cuba purchases. This does not show whether it is the Cuban crop or not. We could not get it out of this, could we?

Mr. MOTT. Hardly.

Senator TELLER. I would like to know your purchases of Cuban

sugar, either in New York or in Cuba—anywhere that you purchase, Boston or anywhere else, from April 26 to May 6. You folks bought considerable sugar, according to this.

Mr. MOTT. That looks considerable there, Senator; but it is not much.

The CHAIRMAN. I want to put in the record the brokers' circular for May 2, as a specimen of the circulars which the witness has left with us.

The paper referred to is as follows:

[Nevers & Callaghan, brokers, 101 and 103 Wall street, New York.]

NEW YORK, May 2, 1902.

Stock of sugar held by importers.

	Tons.
1902.....	40, 737
1901.....	22, 560

London cable.

	To-day.	Last year
Beet, current month.....	6/3	9/2½
Beet, next month.....	6/3	9/2½
German granulated.....	8/0½	10/9

• F. o. b. 4.21 cents, ex ship here.  
b F. o. b. 4.81 cents, ex ship here. American grades, 11/3=4.96 cents.

Market to-day quiet, buyers at quotations; last year, quiet.

	To-day (net good demand).	Last year (net fair demand).
	Cents.	Cents.
Granulated .....	4.51	5.19
Centrifugals .....	3½	4½
Muscovado .....	3	3½
Molasses sugar .....	2½	3½

Sales of sugar, May 1, 1902.

Santo Domingo centrifugals on spot at 3½ basis 96 degrees landed various to Arbuckle .....	Bags. 14, 472
Santo Domingo molasses sugar on spot at 2½ basis 89 degrees landed various to Arbuckle .....	1, 100

Importations sugar, May 1, 1902.

	Bags.
Cuba to American Sugar Refining Company.....	20, 357
Honolulu to American Sugar Refining Company.....	15, 740
Cuba to Howell .....	30, 370
Cuba to Arbuckle .....	841
Cuba to importers.....	3, 000

Importers' stock of raw sugar in New York May 1, 1902.

	Tons.
Centrifugals.....	33, 665
Muscovado .....	3, 146
Molasses sugar .....	3, 498
Total .....	40, 309

Senator TELLER. You have no means, when you order sugar from Cuba, of knowing from whose plantation it comes at all?

Mr. MOTT. No, sir.

Senator TELLER. Do you buy directly from any planters in Cuba?

Mr. MOTT. No, sir.

Senator TELLER. Do you have any shipped directly to you from planters?

Mr. MOTT. Shipped directly?

Senator TELLER. Yes. For instance, Mr. Atkins, a large dealer and connected with your trust, as I understand—anyway he said he was interested in it—does he ship direct to you?

Mr. MOTT. No, sir; they are sold through a broker.

Senator TELLER. Always?

Mr. MOTT. Yes, sir.

Senator TELLER. If you bought Mr. Atkins's crop, would you not know where it came from and when it was landed?

Mr. MOTT. The contract would be made in his name.

Senator TELLER. That is what I want to get. Do you not contract with some of those people for their crops?

Mr. MOTT. No; not for their crops.

Senator TELLER. Well, for what?

Mr. MOTT. For specific purchases.

Senator TELLER. Specific amounts?

Mr. MOTT. Specific amounts; generally specific cargoes.

Senator TELLER. Ship cargoes, you mean?

Mr. MOTT. Yes, sir; the cargo from such a vessel?

Senator TELLER. For instance, Mr. Atkins produces 10,000 tons on one plantation and 12,000 tons on another, he said. Is it not a fact that you do buy directly of him?

Mr. MOTT. No; I think not. We buy through a broker, who sells his sugar in New York.

Senator TELLER. But is it not billed to you as Atkins's sugar or sugar from Atkins's estate?

Mr. MOTT. Yes; it would be billed to us as Atkins's sugar.

Senator TELLER. Can you tell me how many of that kind of transactions you have? How many separate estates down there are billing sugar in that way to you? In other words, I will tell you what I want. I want to find out how many American producers over there are shipping sugar.

Mr. MOTT. I can not tell that. I do not know.

Senator TELLER. You do not know anything about it?

Mr. MOTT. The sugars that we buy through New York brokers are all sold for account of some house in the United States, generally in New York City. A contract is made with them and they bill the sugars.

Senator TELLER. Those bills of lading do not show, as I understand and you mean to say now, whose estate it comes from.

Mr. MOTT. No; they do not. They show the shipping point; the shipping port in Cuba.

Senator TELLER. For instance, Mr. Atkins ships from Cienfuegos, does he not? I judge he would, because he seems to be living close by there.

Mr. MOTT. I do not remember.

Senator TELLER. I want to find out, if you know, how many American corporations or how many citizens down there are making sugar?

Mr. MOTT. I do not know.

Senator TELLER. Have you any way that you could determine that from your books over in New York?

Mr. MOTT. No, sir.

Senator TELLER. That is a material part, you see, of this resolution.

Mr. MOTT. We have no such data.

Senator TELLER. You do not think you have anything there that would give us that information?

Mr. MOTT. No, sir.

Senator TELLER. Do you go to Cuba often?

Mr. MOTT. I have never been there.

Senator TELLER. You have never been there?

Mr. MOTT. No, sir. I hope to some day.

Senator TELLER. Then you have no personal knowledge of that matter?

Mr. MOTT. No, sir.

Senator TELLER. Then we need not pursue that. I want to ask you about the storing of sugar in New York. What are the general facilities for storing sugar there?

Mr. MOTT. They are very large.

Senator TELLER. They are large?

Mr. MOTT. In New York, you say?

Senator TELLER. Yes; in New York.

Mr. MOTT. Yes, sir; they are large.

Senator TELLER. Have you any idea of the expense of storing a ton of sugar, we will say for three days, or any time? Can you tell that?

Mr. MOTT. Twenty-five cents to 30 cents a ton per month, storage, added to which is an initial charge of 25 cents a ton for labor, in and out of the store.

Senator TELLER. That would make 50 cents a ton for one month?

Mr. MOTT. It would make 50 to 55 cents a ton for one month and thereafter 25 to 30 cents a ton per month.

Senator TELLER. Is there added to that insurance?

Mr. MOTT. Yes, sir.

Senator TELLER. What would that be per ton a month?

Mr. MOTT. That would be small. I have not those figures just in my head. I do not think it would be more than 1 or 2 per cent a year.

Senator TELLER. You mean 1 or 2 per cent on what?

Mr. MOTT. On the value.

Senator TELLER. What can you say about the deterioration while in store?

Mr. MOTT. Well, it is very important, especially with some kinds of sugar.

Senator TELLER. That is, you mean to say some sugars deteriorate more rapidly than others?

Mr. MOTT. Yes, sir.

Senator TELLER. That I have understood.

Mr. MOTT. Yes, sir.

Senator TELLER. What are the kinds that deteriorate most—the greatest losses?

Mr. MOTT. Muscavado and molasses sugars.

Senator TELLER. Soft sugars?

Mr. MOTT. They lose in weight very materially.

The CHAIRMAN. By evaporation?

Mr. MOTT. Yes, sir.

Senator TELLER. You are not able to give that percentage, you say, or are you?

Mr. MOTT. No; it varies so it is hardly possible to give it. There is also——

Senator TELLER. It varies somewhat according to the seasons, too, does it not?

Mr. MOTT. Yes, sir.

Senator TELLER. What season do you consider the most disastrous to stored sugar?

Mr. MOTT. The summer season; the hot season.

Senator TELLER. Warm weather?

Mr. MOTT. Yes, sir.

The CHAIRMAN. You started to say something else. There is also what?

Mr. MOTT. There is also deterioration in the test of the sugar in addition to the loss in weight.

Senator TELLER. The loss in the weight is simply the evaporation?

Mr. MOTT. Yes.

Senator TELLER. Then the loss of test is the loss of its saccharine strength, is it?

Mr. MOTT. That is it, sir.

Senator TELLER. How considerable is that?

Mr. MOTT. Well, it depends largely on the original manufacture of the sugar. Poorly made sugar may go off several degrees during several months' storage.

Senator TELLER. Just explain what you call poorly made sugar; not well cooked, or what?

Mr. MOTT. There are some sugars that will hold their test pretty well; that will not lose very much even if they are stored for some months. There are other sugars that deteriorate in July. It is chemical action in sugar.

Senator TELLER. So, as I understood Mr. Havemeyer, you buy on the test.

Mr. MOTT. Always.

Senator TELLER. You do not take it for granted that the sugar has lost so much or so little, but you just have a test and see what it is.

Mr. MOTT. That is it, sir. We buy it on a basis of test, and we only pay for what we get. The loss is the owners'.

Senator TELLER. Certainly.

Mr. MOTT. It is not ours.

Senator TELLER. The man who puts it in not only has to pay for the storage, but he has to stand the loss.

Mr. MOTT. Exactly.

Senator TELLER. It is his sugar until you take it out?

Mr. MOTT. Exactly.

Senator TELLER. Or if you buy it and store it yourself, you have to stand the loss?

Mr. MOTT. Yes, sir.

Senator TELLER. You do not do much of that, as I understood the president of the company to say.

Mr. MOTT. We endeavor to do as little of it as possible—practically nothing.

Senator TELLER. I suppose if the sugar should drop pretty low you then would buy and store, would you not?

Mr. MOTT. That might be so.

Senator TELLER. Has the trust facilities of its own for storing?

Mr. MOTT. Yes; at its own refinery wharves.

Senator TELLER. Has it facilities for storing a large amount?

Mr. MOTT. Not very large amounts.

The CHAIRMAN. They are melting, say, 35,000 tons a week?

Mr. MOTT. From now on.

The CHAIRMAN. I suppose it would be impossible to have just 35,000 tons a week delivered?

Mr. MOTT. No; that would not be possible.

The CHAIRMAN. And if they get more, they have to store it?

Mr. MOTT. It is carried on lighters, to some extent.

The CHAIRMAN. But as a buyer, you try to get in sugar according to the requirements of their refineries?

Mr. MOTT. Yes, sir.

The CHAIRMAN. As near as you can?

Mr. MOTT. Yes.

Senator TELLER. When you buy it, you weigh it, do you not? You do not go upon the theory that 7 bags make a ton?

Mr. MOTT. Cuba sugar, you speak of?

Senator TELLER. Yes; Cuba sugar.

Mr. MOTT. That is sold on both invoice weight and landed weight. I mean that Cuba sugars are sold on both conditions.

Senator TELLER. That is, the invoice weight is the weight in Cuba?

Mr. MOTT. The weight in Cuba; yes, sir.

Senator TELLER. The landed weight is the weight in New York?

Mr. MOTT. In New York. Well, the seller elects which he will take.

Senator TELLER. What is the custom in the trade generally?

Mr. MOTT. Usually sugars that are bought on the spot, in the spot market, or sugars that have come from store in New York, are sold on delivered weight.

Senator TELLER. They are weighed when they are delivered?

Mr. MOTT. Yes, sir; sugars bought for shipment from Cuba, Boston freight, are usually sold on invoice weight, although they are also sold on landed weight.

Senator TELLER. Sometimes they do both?

Mr. MOTT. Yes, sir.

The CHAIRMAN. If you buy on landed weight, you take the risk, then, of less weight?

Mr. MOTT. If we buy on landed weight, a city weigher weighs the sugar, and that sworn weight is the basis for the invoice.

The CHAIRMAN. And so, if you buy on invoice weight, do you have a reweighing in New York?

Mr. MOTT. The refinery weighs it to see that the invoice weight holds out. Otherwise the shipper has to make it good.

The CHAIRMAN. They charge it back to him?

Mr. MOTT. In other words, he sells it invoice weight guaranteed.

Senator TELLER. If it does not hold out you call on him to make it good?



Mr. MOTT. Yes, sir.

Senator TELLER. If it is a ton or two short he accounts for it or furnishes you more sugar?

Mr. MOTT. Yes, sir.

The CHAIRMAN. Which do you buy most, on landed weight or invoice weight in Cuba?

Mr. MOTT. Invoice weight. It saves the seller the additional cost of reweighing in New York, it having already been once weighed in Cuba.

Senator TELLER. The seller bears all this expense of weighing and everything, does he not?

Mr. MOTT. Yes, sir.

The CHAIRMAN. He does not bear the expense of weighing at your factory, does he?

Mr. MOTT. If the sugars are sold landed weight he sends his weigher to weigh the goods.

Senator TELLER. Have you any knowledge except what these papers give you of the sugar that has been shipped to other refineries, other than your own?

Mr. MOTT. No, sir; I have no knowledge.

Senator TELLER. Have you any personal knowledge about the other refineries at all, Mr. Mott?

Mr. MOTT. No, sir.

Senator TELLER. I do not want to bother to go into it if you have not. Is Arbuckle's considered a pretty good-sized refinery or is it a small refinery?

Mr. MOTT. It is pretty good size.

The CHAIRMAN. Mr. Teller, I will try to give you the capacity of these different refineries. We are going to have a witness over here from Czarnikow, MacDougall & Co., and I think he thinks he has some knowledge on that subject.

Senator TELLER. Do you deal in short tons altogether?

Mr. MOTT. Long tons altogether.

Senator TELLER. In figuring the crop in Cuba, you figure it in long tons?

Mr. MOTT. Yes, sir.

Senator TELLER. I find in Europe they figure on the metric ton, which is a little different and makes a little difference in the statements.

Mr. MOTT. Well, all sugar statistics as far as I know all over the world are made up in long tons, when they use tons. It is usually stated.

Senator TELLER. I found somewhere, Mr. Mott—I do not remember where it was, but I think it was in a European statement—it was stated that "these are metric tons." I had forgotten how much a metric ton was and I had to go and look it up. What is it?

Mr. MOTT. It is about 2,200 pounds. It would make very little difference. Instead of 2,240 pounds, there is a difference of 36 pounds on every ton.

Senator TELLER. I do not know that I have anything further I want to ask Mr. Mott. Please get those imports as soon as you can.

Mr. MOTT. Yes, sir.

The CHAIRMAN. Mr. Mott, you said you have been buying sugar twenty-five years?

Mr. MOTT. Excuse me: not buying sugar. I have been buying

sugars about five years. I have been connected with the business over twenty-five years.

The CHAIRMAN. Do you have to keep in touch with the sugar markets all over the world—know what they are?

Mr. MOTT. Yes, sir.

Senator TELLER. You do that by simply getting the London quotations, do you not?

Mr. MOTT. Oh, no; the information comes through various sources by mail.

Senator TELLER. Yes; I suppose as to the crop and all that?

Mr. MOTT. Advices as to the crop, and so on.

Senator TELLER. I might ask you another question, but I do not suppose you know about it. Have you any idea of the number of Spaniards in Cuba that are making sugar?

Mr. MOTT. No; I have not.

Senator TELLER. I thought maybe you would not, as you did not know the number of Americans.

The committee, at 11.10 o'clock a. m., adjourned until Wednesday, May 7, 1902, at 10 o'clock a. m.

---

**SUBCOMMITTEE OF THE COMMITTEE**  
ON RELATIONS WITH CUBA,  
UNITED STATES SENATE.  
*Washington, D. C., May 7, 1902.*

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

**TESTIMONY OF MANUEL RIONDA.**

MANUEL RIONDA, having been first duly sworn by the chairman, testified as follows:

The CHAIRMAN. What is your business, Mr. Rionda?

Mr. RIONDA. Sugar broker, sir.

The CHAIRMAN. What is your firm?

Mr. RIONDA. Czarnikow, MacDougall & Co.

The CHAIRMAN. Where are you doing business?

Mr. RIONDA. 112 Wall street.

The CHAIRMAN. Has that house any other places of business?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. Where?

Mr. RIONDA. London, Liverpool, Greenock, and Glasgow.

The CHAIRMAN. Is it an old house?

Mr. RIONDA. Very old—about 40 years old.

The CHAIRMAN. Is it a partnership?

Mr. RIONDA. It is an English corporation—ours is.

The CHAIRMAN. Who are the principal members of it?

Mr. RIONDA. Mr. Czarnikow, London; Mr. Ganzoni, also London; Mr. Lagemann, also London; Mr. George R. MacDougall, New York, and myself, Manuel Rionda, New York. Those are the principal members of the house.

The CHAIRMAN. Have you any places in this country or in Cuba where you store sugars?

Mr. RIONDA. Yes, sir; I believe we have some sugars stored now in New York.

The CHAIRMAN. Have you a branch house in Cuba?

Mr. RIONDA. Not exactly a branch house. We have business connections with several houses in Cuba. They are not branches of our own house.

The CHAIRMAN. State some of the more important houses in Cuba with whom you have connections.

Mr. RIONDA. Rabel & Co., of Habana and Cardenas; T. Bea & Co., of Matanzas; Mr. Nicholas Castano, of Cienfuegos; and then, in addition to that, we also have some connections with some sugar planters—direct with them.

The CHAIRMAN. What plantations—the largest ones?

Mr. RIONDA. There is the plantation Rosario. This is a plantation between Habana and Matanzas.

The CHAIRMAN. Are there any other important ones?

Mr. RIONDA. San Antonio. There are several others. Shall I name them all?

Senator TELLER. Yes; name them all.

Mr. RIONDA. La Julia, Providencia, La Flora.

The CHAIRMAN. Is that all, as far as you recall?

Mr. RIONDA. Tuinucu. I think those are all I remember, Senator.

The CHAIRMAN. What is your principal business in the firm or the company.

Mr. RIONDA. I attend specially to the selling of the sugar, particularly from Cuba and other countries.

The CHAIRMAN. How much of the crop of Cuban sugars do you ordinarily sell?

Mr. RIONDA. Well, that depends. Last year we sold about a quarter. The previous years we did not do so well. We have been in the Cuba business only about four years.

The CHAIRMAN. How long have you been in the sugar brokerage business?

Mr. RIONDA. I myself have been at it about twenty-five years, but not with this house.

The CHAIRMAN. Are you an American?

Mr. RIONDA. I am a Spaniard.

The CHAIRMAN. Where were you before you went with this house?

Mr. RIONDA. I was in New York with another firm.

The CHAIRMAN. You say last year your firm sold about a quarter of the crop?

Mr. RIONDA. Exactly; we sold 134,412 tons.

The CHAIRMAN. Are you familiar with the business of selling raw sugars from other markets?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. Is your house a statistical house as well? Do they publish statistics?

Mr. RIONDA. Yes, sir; particularly the London house. The London house pays particular attention to that.

The CHAIRMAN. Mr. Czarnikow, who is the head of the London house, does not come to New York, I suppose?

Mr. RIONDA. No, sir.

The CHAIRMAN. I asked you to give me some information. Have you that letter?

Mr. RIONDA. The letter I wrote you some time ago?

The CHAIRMAN. Yes. I asked you to give me some information and you sent me a letter.

Mr. RIONDA. I did, sir.

The CHAIRMAN. That [indicating] is a copy of it, is it?

Mr. RIONDA. That is a copy of it.

The CHAIRMAN. Here is the letter itself. I asked them, Senator, to furnish me some information, and they sent me a letter. I think I will put the whole matter in; but I asked you particularly to tell me as well as you could the amount of sugar which was refined by so-called independent refineries in this country.

Mr. RIONDA. Yes, sir. I think you will find that on the first page.

The CHAIRMAN. State how much it is, according to your understanding.

Senator TELLER. Have you a statement there?

Mr. RIONDA. I have before me my letter of April 28, in which it is stated that the sugar refined by outside refineries is estimated at about 451,000 tons.

Senator TELLER. Have you a statement there?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. Divided between whom?

Mr. RIONDA. Between several refineries—the Revere Sugar Refining Company, of Boston, 60,000 tons; William J. McCahan Sugar Refining Company, 81,021 tons.

The CHAIRMAN. They are in Philadelphia?

Mr. RIONDA. In Philadelphia. Arbuckle Brothers, New York, 180,000 tons; William Henderson, of New Orleans, 50,000 tons; Gramercy refinery, 40,000 tons.

The CHAIRMAN. Where are they?

Mr. RIONDA. In New Orleans. Coggs well refinery, New Orleans, 20,000 tons; E. Cunningham, Texas, 20,000 tons. That made that 451,000 tons. In going over the figures since this letter was written I find that we have William J. McCahan's refinery too low. Instead of being 81,000 tons, it should be 130,000 tons.

The CHAIRMAN. They have capacity for 130,000 tons?

Mr. RIONDA. Yes, sir.

Senator TELLER. You say they have a capacity for that amount. Is this the capacity you give here or the ability to refine?

Mr. HAVEMEYER. This is approximately the capacity that we think they can refine, but of course we have no means to ascertain accurately how much they do refine.

Senator TELLER. This is what you think they could refine if they should run full?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. What do you think—is it an overestimate or an underestimate?

Mr. RIONDA. I think we have McCahan and Henderson and Coggs well underestimated.

The CHAIRMAN. How about Arbuckle?

Mr. RIONDA. Well, they may run a little over at times. You see a refinery may have a capacity of refining 800 tons a day and yet some weeks may not refine 500. Nobody can tell that.

The CHAIRMAN. I notice in that letter on the first page and also on the last page, or where you make a recapitulation, you put the independent refiners' consumption at 536,000 tons. That does not seem to agree exactly with the 451,000 tons which you have given us.

Mr. RIONDA. That is why I say I believe—in fact, we must have underestimated. The last figures are the correct figures.

Senator TELLER. What are your last figures?

Mr. RIONDA. Five hundred and thirty-six thousand and forty-eight tons.

The CHAIRMAN. Where do you get those from?

Mr. RIONDA. I get it from the statistics published in New York, the usual statistics we go by. We would not vouch for them. As I have said before, the refiners do not tell us how much sugar they refine. We have to estimate that in order to ascertain how much sugar they have in their hands, and we do it the best way we know of.

The CHAIRMAN. To whom do you sell sugars mostly—to what is called the trust or to independent refiners?

Mr. RIONDA. I should say independent refiners.

The CHAIRMAN. Have you a statement showing to whom you sold them?

Mr. RIONDA. I have, sir.

The CHAIRMAN. Let that paper go in the record.

The paper referred to is as follows:

NEW YORK, *April 28, 1902.*

Hon. O. H. PLATT,

*United States Senate, Washington, D. C.*

DEAR SIR: Agreeable to your request, made to me yesterday, I now inclose statements of receipts of foreign sugars in the United States at the four Atlantic ports during the years 1899, 1900, and 1901, showing totals of 1,755,351, 1,554,784, and 1,753,005, respectively, for each of the years above referred to.

If we add what was received at San Francisco and New Orleans from foreign countries, you will observe that the total receipts of foreign sugars in the United States were:

1899.....	1, 960, 437
1900.....	1, 814, 713
1901.....	2, 021, 160

In the above totals we have included as foreign sugars those from Porto Rico and Hawaii.

The total consumption of foreign sugars during the above years was 1,839,642, 1,960,014, and 1,932,330. If to these amounts we add consumption of sugars from Louisiana and of domestic beets, we have a grand total of—

1899.....	2, 073, 068
1900.....	2, 229, 847
1901.....	2, 372, 316

Last year 536,048 tons were refined by the independent refiners, excluding the National, which is 22½ per cent of the total.

From inquiries made here I find that the total amounts of sugars refined by outside refiners are as follows:

	Tons.
Revere Sugar Refining Company, Boston.....	60, 000
W. J. McCahan Sugar Refining Company, Philadelphia.....	81, 000
Arbuckle Brothers, New York.....	180, 000
William Henderson, New Orleans.....	50, 000
Gramercy Refinery, New Orleans.....	40, 000
Cogswell, New Orleans.....	20, 000
Cunningham, Texas.....	20, 000
<b>Total.....</b>	<b>451, 000</b>

Calculating that the total consumption is 2,000,000 in round figures, you will see that the sugars refined by independent refiners outside of the National and American Sugar Refining Company aggregate 22½ per cent of the total. If you include the National, the total is nearly 35½ per cent of sugars refined outside of the American Sugar Refining Company.

From inquiries made to-day I find that 75 or 80 per cent of the Louisiana crop is refined, and the remaining 20 or 25 per cent of the sugars goes direct from planters into consumption, without any process of refining.

The following statement shows the falling off of refining interests in England. The number of refineries in the United Kingdom during the years cited below was as follows:

	1864.	1882.	1900.
London.....	28	8	2
Liverpool.....	10	8	6
Greenock.....	14	10	6
Manchester.....	2	2	.....
Bristol.....	2	2	1
Glasgow.....	4	.....	.....
Leith.....	1	.....	.....
Total .....	63	30	15

If the Cuban reciprocity bill should pass both Senate and House in its present shape, it would not take many years before not only the refining interest in the United States would become a thing of the past, but also the beet-sugar industry would have to be abandoned and Porto Rico, Hawaii, the Philippines, and Cuba would cease to be cane-sugar-producing countries, all because Germany and other beet countries, where large bounties are paid, would flood the United States with refined sugars raised on their own lands. In the United Kingdom the consumption for 1900 was 1,624,156, of which only 661,747 tons was refined in the country, the remaining 962,409 tons having been imported already refined from Germany and other beet countries where bounties are paid.

Always disposed to furnish you with any information you may require, I am,

Yours, truly,

MANUEL RIONDA.

*Receipts of foreign sugars in the United States at four Atlantic ports.*

	1899.	1900.	1901.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Cuba .....	246,106	246,587	518,818
British West Indies.....	83,039	73,446	92,514
Trinidad .....	24,296	18,271	15,765
French West Indies.....	.....	171	.....
Porto Rico .....	48,376	33,216	63,605
St. Croix.....	13,321	7,925	11,568
Demerara .....	72,884	77,228	71,373
Central America .....	.....	.....	1,274
Surinam.....	4,905	6,144	8,029
San Domingo.....	50,827	47,294	43,190



*Receipts of foreign sugars in the United States at four Atlantic ports—Continued.*

	1899.	1900.	1901.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Brazil .....	12,585	47,812	154,771
Peru.....	38,900	48,052	48,281
Europe .....	258,705	390,820	211,817
Philippine Islands .....	22,067	5,987	5,100
Java.....	645,882	359,142	305,978
Hawaii .....	130,841	135,113	171,472
Egypt .....	54,598	42,672	29,450
Mauritius.....	48,019	14,954	.....
Total .....	1,755,351	1,554,784	1,753,005
Receipts at San Francisco.....	142,296	128,620	157,739
Receipts at New Orleans.....	62,790	131,309	110,416
Grand total.....	1,960,437	1,814,713	2,021,160

*Receipts of domestic sugars in the United States.*

	1899.	1900.	1901.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Louisiana .....	104,981	161,322	160,468
Beets (production).....	72,944	76,859	150,000
Hawaii.....	130,841	135,113	171,472
Porto Rico .....	48,376	33,216	63,605
Maple sugar.....	5,000	5,000	5,000
Total .....	362,142	411,510	550,545

*Consumption of sugar in United States, in tons.*

	1899.	1900.	1901.
Total consumption of sugar from foreign countries and insular possessions .....	1,839,642	1,960,014	1,932,330
Total consumption of sugar from domestic countries .....	233,426	269,833	439,986
Grand total.....	2,073,068	2,229,847	2,372,316
Manufactured by—			
American Sugar Refining Co.....	1,385,608	1,465,349	1,325,406
National .....	.....	.....	276,000
Nash, Spaulding & Co.* .....	.....	.....	.....
McCahan * .....	.....	.....	.....
Arbuckle Bros.* .....	.....	.....	.....
Henderson * .....	585,765	627,137	536,048
Cunningham * .....	.....	.....	.....
Coggswell * .....	.....	.....	.....
Beet-sugar factories .....	44,826	68,386	107,859
Foreign refiners.....	5,935	17,743	42,515
Consumed raw or in plantation state .....	50,934	51,232	84,488
Amount of sugar that went into consumption.....	2,073,068	2,229,847	2,372,316

\* W. & G. lump these under head of independent refiners.

*Percentage of sugar manufactured by various refiners.*

	1899.	1900.	1901.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Total refined sugar which went into consumption.....	2,022,134	2,178,615	2,287,828
Manufactured by American Sugar Refining Co.....	<sup>a</sup> 1,385,608	<sup>b</sup> 1,465,349	<sup>c</sup> 1,326,406
Manufactured by National Sugar Refining Co .....	.....	.....	<sup>d</sup> 276,000
Manufactured by independent refiners .....	<sup>e</sup> 585,765	<sup>f</sup> 527,137	<sup>g</sup> 536,048

<sup>a</sup> Equal to 68½ per cent.  
<sup>b</sup> Equal to 67½ per cent.  
<sup>c</sup> Equal to 57.9 per cent.

<sup>d</sup> Equal to 12 per cent.  
<sup>e</sup> Equal to 29 per cent.

<sup>f</sup> Equal to 28.8 per cent.  
<sup>g</sup> Equal to 23½ per cent.

The CHAIRMAN. Have you sold any sugars to the American Sugar Refining Company this year?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. Have you a statement showing to whom you sold them?

Mr. RIONDA. I have, sir.

The CHAIRMAN. Let me look at it, please.

Mr. RIONDA. You will find it in that column [indicating].

The CHAIRMAN. Who is "Howell?"

Mr. RIONDA. That is B. H. Howell, Son & Co., who manage the National Sugar Refinery.

The CHAIRMAN. Let me see that first statement. You have not put the National Sugar Refining Company in there at all?

Mr. RIONDA. No, sir.

The CHAIRMAN. Does that account for the difference between 536,000 tons and 451,000 tons?

Mr. RIONDA. That is not in there, because the National Sugar Refining Company melted last year 276,000 tons.

The CHAIRMAN. Why did you not put them in?

Mr. RIONDA. I have them separately.

The CHAIRMAN. What is this statement you have just handed me? Just state generally what it is.

Mr. RIONDA. The amount of sugars sold by us from January 1 to May 2, 1902, to the various refiners in the United States of Cuba sugars.

The CHAIRMAN. Let that be printed in the record.

The paper referred to is as follows:

*Sales of Cuba sugars from January 1 to May 2, 1902.*

Contract.	American Sugar Re- fining Co.	Howell.	Arbuckle.	Nash, Spaulding & Co.	McCahan.
	<i>Bags.</i>	<i>Bags.</i>	<i>Bags.</i>	<i>Bags.</i>	<i>Bags.</i>
Jan. 22 .....			10,000		
27 .....			10,000		
27 .....		9,000			
31 .....			4,000		
Feb. 4 .....			1,650		
5 .....		150			
14 .....			2,000		
18 .....				20,000	
19 .....					16,500
20 .....					10,000
21 .....				25,000	
27 .....				6,266	
28 .....				4,160	
Mar. 13 .....			7,000		
17 .....	7,500				
17 .....			5,000		
18 .....			5,000		
21 .....	12,000				
21 .....			12,000		
26 .....				25,000	
27 .....	2,162				
27 .....				2,483	
27 .....				10,000	
27 .....			25,000		
29 .....				5,570	
Apr. 2 .....		20,000			
4 .....			14,886		
May 2 .....		9,558			
2 .....	12,000				
2 .....					20,000
2 .....		842			
	33,662	39,550	96,536	98,479	46,500

*Sale of Cuba sugars from January 1 to May 2, 1902—Continued.*

## SUMMARY.

	Bags.
American Sugar Refining Company.....	33,662
Howell .....	39,550
Arbuckle .....	96,536
Nash, Spaulding & Co .....	98,479
McCahan .....	46,500
<b>Total.....</b>	<b>314,727</b>

*Sales to refiners of Cubas for deferred shipment.*

Contract.	Buyers.	Quantity.	Shipped.	Carried in Cuba.
		<i>Bags.</i>	<i>Bags.</i>	<i>Bags.</i>
Jan. 22 .....	Arbuckle .....	10,000	1,000	9,000
27 .....	do .....	10,000	1,000	9,000
Mar. 13 .....	do .....	7,000	700	6,300
17 .....	do .....	5,000	500	4,500
18 .....	do .....	5,000	500	4,500
27 .....	do .....	27,000	2,700	24,300
		64,000	6,400	57,600
Feb. 21 .....	N. S. & Co. ....	25,000	2,500	22,500
Mar. 27 .....	do .....	10,000	1,000	9,000
		35,000	3,500	31,500
Feb. 20 .....	McCahan .....	10,000	1,000	9,000
		109,000	10,900	98,100

*Comparison of sales of Cuba sugars to refiners from January 1 to May 3.*

	1901.	1902.
	<i>Bags.</i>	<i>Bags.</i>
American Sugar Refining Co .....	131,150	33,662
Arbuckle Bros .....	124,000	96,536
Nash, Spaulding & Co .....	30,000	98,479
Wm. Henderson .....	35,000	.....
B. H. Howell, Son & Co. ....	129,600	39,550
W. J. McCahan Sugar Refining Co. ....	103,000	46,500
	552,750	314,727

## CUBA SUGARS.

	1902.	1901.	1900.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Receipts to Apr. 29 of sugar exported from Cuba since Jan. 1 at four Atlantic ports and New Orleans .....	149,860	270,455	139,819

*Receipts of foreign sugars in United States.*

1899 .....	1,755,351
1900 .....	1,554,784
1901 .....	1,753,005
Including receipts at San Francisco and New Orleans:	
1899 .....	1,960,437
1900 .....	1,814,713
1901 .....	2,021,160

These totals include receipts from Porto Rico and Hawaii.

## CUBAN SUGAR SALES.

*Total consumption of sugars in United States.*

## Including domestic sugars:

1899 .....	2, 073, 068
1900 .....	2, 229, 847
1901 .....	2, 372, 316

## Excluding domestic sugars:

1899 .....	1, 839, 642
1900 .....	1, 960, 014
1901 .....	1, 932, 330

## - MELTINGS BY REFINERS, EXCLUDING THE NATIONAL.

In 1901 the independent refiners refined 536,048 tons, which is 22½ per cent of the total.

Meltings by outside refiners as follows:

	Tons.
Revere Sugar Refining Company (Boston) .....	60, 000
W. J. McCahan Sugar Refining Company (Philadelphia) .....	81, 000
Arbuckle Brothers (New York) .....	180, 000
William Henderson (New Orleans) .....	50, 000
Gramercy Refinery (New Orleans) .....	40, 000
Cogswell (New Orleans) .....	20, 000
Cunningham (Texas) .....	20, 000
Total .....	451, 000

In the United Kingdom the consumption for 1900 was 1,624,156, of which only 661,747 tons were refined in the country, the remaining 962,409 tons having been imported, already refined, from Germany and other countries where bounties are paid.

Senator TELLER. Why did you commence these statements on the 1st of January last?

Mr. RIONDA. Because our statistical year always starts on the 1st of January.

Senator TELLER. I suppose you were selling sugar during the fall months from Cuba?

Mr. RIONDA. Yes, sir. That is in the statement of last year. That went into last year's business. We close our books on the 31st of December each year.

Senator TELLER. You were selling some of the crop of 1901 previous to the 1st of January, were you not?

Mr. RIONDA. Very little crop was left in Cuba last year.

Senator TELLER. I am not talking about the old crop; I am talking about the new crop.

Mr. RIONDA. No sugars of the new crop were sold this year before January 1.

Senator TELLER. You say there was none?

Mr. RIONDA. No, sir.

Senator TELLER. What time do they commence grinding?

Mr. RIONDA. On the north side of Cuba they usually commence between the 25th of December and the 10th of January; on the south side, a little later.

Senator TELLER. You have nothing to show what you bought in December from Cuba, have you?

Mr. RIONDA. Last December? No, sir.

Senator TELLER. What you sold, I mean.

Mr. RIONDA. No, sir.

The CHAIRMAN. You sold some sugars between January 1 and May 2 to the American Sugar Refining Company?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. State how much.

Mr. RIONDA. We started selling sugar on March 17.

Senator TELLER. That is all in this paper?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. You started on March 17?

Mr. RIONDA. On March 17.

Senator TELLER. How much?

Mr. RIONDA. We sold them on that day 7,500 bags. Then, again, on March 21, we sold them 12,000 bags; on March 27, 2,162 bags; on May 2, 12,000 bags.

Senator TELLER. This is Cuba sugar?

Mr. RIONDA. All Cuba sugar; yes, sir.

The CHAIRMAN. That is all you have sold them since January 1?

Mr. RIONDA. That is all, sir.

The CHAIRMAN. How do you make sales to sugar refineries; do you go to them or do they come to you?

Mr. RIONDA. We go to them.

The CHAIRMAN. You get orders from them?

Mr. RIONDA. Yes, sir. Shall I explain?

The CHAIRMAN. Yes.

Mr. RIONDA. Every day we receive cables from all over the world; not Cuba alone, but Cuba, Porto Rico, Java, Egypt; in fact, all over the world excepting Hawaii. We obtain through those cables offers of sugars or intimations at which business can be done. We immediately visit all the refineries in New York and try to get orders from them or to accept those offers we have within those limits. Some days they do, some days they do not. If they accept the offer we cable back to the party to close in the business. If they do not accept it and they make us another offer lower than that, we cable them that offer and await the answer until the next morning. Sometimes the business goes through, sometimes it does not. Sometimes there is a long time before we make any sales. I do not limit this to Cuba alone. We sell for all the countries. Our largest portion of sugar is not Cuban, by any means.

The CHAIRMAN. How much sugar do you sell in a year, all told?

Senator TELLER. In the United States, you mean?

The CHAIRMAN. I mean to refiners here.

Mr. RIONDA. To refiners in the United States?

The CHAIRMAN. Yes.

Mr. RIONDA. Last year we sold 371,479 tons. The previous year we sold 448,522 tons; the preceding year, 541,146 tons. There is no necessity for going any further back, I suppose.

Senator TELLER. The first is 1901.

Mr. RIONDA. 1901, 1900, and 1899.

The CHAIRMAN. You are falling off in business, apparently. How is that?

Mr. RIONDA. Yes, sir; we are badly off. This year we made considerably less than last year.

Senator TELLER. You made it up on the profits?

Mr. RIONDA. On the contrary, Senator, the price being lower, the commission was still lower. One per cent commission on 2 cents is just one-half of what it is on 4 cents.

The CHAIRMAN. You have stated how you make the sales?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. What fixes the price of sugar, if anything fixes it?

Mr. RIONDA. The ruling price, or the one that fixes the price of sugar all over the world, is that of the largest producer, naturally. The largest producer of sugar in the world is Germany. It is one of the natural laws of business or commerce that the largest producer fixes the price on any article—the one that produces the largest quantity. Germany being the largest producing country all over the world, we all look to her to fix the price.

The CHAIRMAN. That is beet sugar?

Mr. RIONDA. Yes, sir; that is beet sugar. There is no cane sugar produced there.

The CHAIRMAN. Beet sugar of what test?

Mr. RIONDA. Beet sugars are not sold on test. They are sold on analysis. They test about 94—on what we call here a test.

The CHAIRMAN. That price has to be adjusted relatively to the test of sugars elsewhere?

Mr. RIONDA. Yes, sir. Every man in the sugar business the world over who is up to date receives every morning the quotations from Hamburg, and the prices are fixed according to that quotation. If it goes up, up goes New York. If it goes down, down comes New York; and when I say New York I mean all over the world.

The CHAIRMAN. How does the price of Cuban sugar compare with the quoted price of Hamburg sugars? Is it always the same, or is it higher or lower at times?

Mr. RIONDA. As a general rule it is about the same.

The CHAIRMAN. If there is any variation, what occasions it?

Mr. RIONDA. If we have any variation, it usually takes place in the months of February and March.

The CHAIRMAN. Why?

Mr. RIONDA. Because during those months the receipts of cane sugars from Cuba and other West India Islands are larger than the requirements of refined sugar in this country.

The CHAIRMAN. So that the supply exceeds the demand?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. How much reduction would be made or is made for that reason? How much does it amount to?

Mr. RIONDA. Well, at times I have seen it as low as one-eighth of a cent.

The CHAIRMAN. Is that the extreme?

Mr. RIONDA. Sometimes I have seen it even more than that. But I want to qualify that. That applies strictly to sugars already at a port in the United States, but not to Cuba sugars not shipped. Those never sell below the parity of the beet market.

Senator TELLER. Repeat that, please.

Mr. RIONDA. I say when cane sugars sell in New York, Boston, and Philadelphia below the parity of the beet market, it applies exclusively to cargoes already in port or very near port. It does not apply to sugars yet unshipped in the island of Cuba or in any other island. It does affect those cargoes in port or near by, because the man who receives that cargo does not want to put it in store, and rather than put it in store he is willing to accept a price below the parity of beets in Hamburg. The refiner makes a price lower than the parity of beets in order to recompense himself for the carrying



charges of the sugars. I want to make that distinction, that sugars do not sell below the parity of beets at the producing countries, but at the ports of discharge.

The CHAIRMAN. If there is an accumulation in the port of discharge, they are forced to take it, I suppose.

Mr. RIONDA. That is it.

The CHAIRMAN. Suppose the United States makes a reduction of the duty on sugar from Cuba, what effect, in your judgment, will that have on the price of sugars in Cuba?

Mr. RIONDA. It will have the effect of enhancing the value equal to as much as the reduction of the duty.

The CHAIRMAN. That is, it will put up the price of sugars in Cuba?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. Not exactly that.

Senator TELLER. That is what he said.

The CHAIRMAN. Is that what you mean?

Mr. RIONDA. If the price in Cuba to-day——

The CHAIRMAN. Will the sugars sell for any more in Cuba after that than they already do?

Mr. RIONDA. Certainly, sir. If there is a reduction in duties, it will sell higher, equal to whatever the reduction is, in dollars and cents.

The CHAIRMAN. Free on board in Cuba or New York?

Mr. RIONDA. Free on board in Cuba.

The CHAIRMAN. I do not see that.

Mr. RIONDA. Maybe I do not explain myself. The free-on-board price in Cuba to-day is 1.81. The duty to-day is 1.685. For argument's sake we will take it there is a reduction of 25 per cent, in round figures. Twenty-five is easier to calculate. Now, if the price free on board to-day is 1.81, and the reduction of duties is 0.42, I maintain that the price of Cuba sugars in New York, after the reduction goes into effect, will be about  $2\frac{1}{4}$  cents free on board as against 1.81 now.

The CHAIRMAN. You have counted the duty in free on board.

Mr. RIONDA. The duty is calculated so much per pound, whether it is free on board or cost and freight. It is not *ad valorem*.

The CHAIRMAN. I know; but the point I want to get at is this: Suppose sugar in Cuba is 1.90 to-day. I do not know just what it is, but suppose it is 1.90. That is parity with the world?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. A reduction of duty of 25 per cent would be about 0.4 of a cent?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. Would 0.4 of a cent be added to the price of Cuban sugars when you went to purchase them in Cuba, putting them above the parity in that way?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. Why would anybody buy them above the parity? Because they could get them for less duty?

Mr. RIONDA. No; if the price of Cuba sugars to-day is 1.90 free on board, the freight, we will say, is 10 cents. That makes it 2 cents, cost and freight. The duty to-day is 1.685 per pound. Therefore the price to-day, if we take 1.90—which is not the price to-day, but we will take 1.90 to start with—the price to-day, duty paid here, would be 3.685. Now, we will go on the supposition that there is a reduction of the duties on Cuba sugar. The price of Cuba sugar here will

remain at 3.685, duty paid, but then, instead of paying 1.685 duty, they will pay 1.26.

Senator TELLER. What will sugar be worth then in Cuba?

Mr. RIONDA. Then it will be worth 2.42, if we take 2.90 as correct, which is not correct, you know.

The CHAIRMAN. Yes; I see that. In that way the holder of Cuba sugar gets the benefit of it?

Mr. RIONDA. Undoubtedly.

The CHAIRMAN. But if it is 1.90 to-day free on board, we are not reckoning duty now at all, nor cost, nor anything of that sort.

Mr. RIONDA. Yes, sir.

The CHAIRMAN. But that is according to the parity of sugar. Now, if the duty is reduced equivalent to 0.4 of a cent a pound, would it be 2.30 to-morrow in Cuba?

Senator TELLER. He adds the reduction to the cost in Cuba.

Mr. RIONDA. Certainly, sir.

The CHAIRMAN. I thought there was a little misunderstanding about it. I thought you said the price of Cuban sugar in New York would go up above the parity as much as the duty would be reduced.

Mr. RIONDA. No; not above the parity.

The CHAIRMAN. There was some misapprehension about it. I did not think you intended that.

Mr. RIONDA. I said the price would go up so that, with the new duty added, the cost to the refiner would be exactly the same as it was prior to the reduction.

The CHAIRMAN. That would still be the parity.

Mr. RIONDA. That would be the parity of beet sugar. We can never go beyond the parity of beets. If once we go beyond the parity of beets, they go and buy beets. We can never go above their level. That is what we call the dangerous line.

The CHAIRMAN. This country is really the only country in which Cuban sugars are sold to any extent, is it not?

Mr. RIONDA. Yes, sir; it is the largest consumer.

The CHAIRMAN. Do you know of their being sold anywhere else?

Mr. RIONDA. Not within the last four years.

The CHAIRMAN. Suppose, now, that Congress makes a reduction on Cuban sugar, and the American Sugar Refining Company being the largest producer——

Mr. RIONDA. The largest consumer.

The CHAIRMAN. The largest consumer, I mean—say to the holders of Cuban sugar, “We want the benefit of that reduction;” can they get it?

Mr. RIONDA. The Cuban holder in his turn will say: “I won’t give it to you.”

Senator TELLER. Yes; he can say that, and that is all he can do.

Mr. RIONDA. Wait a minute, Senator; I will explain it.

We are now entering upon the months of the largest consumption and the smallest production. If sugars ever advance, they do advance during the summer months the world over, for the simple reason that there is a larger demand and a smaller supply. Now, we will take it that Congress does allow Cuba this 25 per cent reduction or 20 per cent, and that matters come just as you say. The American Sugar Refining Company, or all the refiners in America—not the American Sugar Refining Company alone, but all the refiners, because they will

all have to do it—will say, “We will not take your sugar excepting at the old price.” Well, we who do business in the island of Cuba do not propose to be caught by anything of that kind, and we have means to get over that. “If you will not buy our sugar at the price we say, we will hold it.” What is the next step the refiners will take? They certainly can not go without the sugar. They have to have their sugar. We must start from that point. They need their sugar just as much as the Cubans need to sell it, or perhaps more, because the limit for the refiners to get their sugar is June, July, August, September, and October. They must have their sugar within those months. They have to have it, whereas Cuba has not got to sell it. Do you follow me?

The CHAIRMAN. Yes.

Mr. RIONDA. If Cuba gets a concession of 25 per cent, it will make her relative cost, or relative value of the sugars, as we figured before,  $2\frac{1}{4}$  cents. She is not going to sell it at \$1.90.

The CHAIRMAN. Can she hold it if that concession is made?

Mr. RIONDA. There will be no difficulty in holding the sugars if that concession is made.

The CHAIRMAN. Why?

Mr. RIONDA. Because then those who have advanced money on sugar of the Cubans, at the rate of  $1\frac{1}{2}$  cents, would have no objection whatever to keeping those sugars six months longer, knowing that the lowest they will ever sell for will be 2 cents, and that they have their money perfectly safe.

The CHAIRMAN. If American refiners should refuse to buy Cuba sugars unless they would discount the reduction, what would they do for sugar in the meantime?

Mr. RIONDA. The refiners would have to recur only to the European market.

The CHAIRMAN. What would be the effect on the European market?

Mr. RIONDA. It would have the effect of advancing that market. That is natural to suppose. Any business man would say that if you apply to a market to get 300,000 tons of sugar within two months that market will advance at least 1 shilling.

The CHAIRMAN. So that if they undertook to squeeze the Cubans——

Mr. RIONDA. They would be squeezed themselves.

The CHAIRMAN. The Cubans could hold it and they would be obliged to go to another market and advance the price of sugar on themselves.

Mr. RIONDA. Certainly.

The CHAIRMAN. Is that what you mean?

Mr. RIONDA. That is exactly what I mean, and any business man would follow that and be convinced of it.

The CHAIRMAN. What sugar do the refiners want most?

Mr. RIONDA. They usually give a preference to Cuba sugar.

The CHAIRMAN. It is better for them?

Mr. RIONDA. It is better for them?

The CHAIRMAN. If the American Sugar Refining Company should do what I have suggested—undertake to squeeze the Cuban sugar holder—and the independent refineries were not in it, there would still be a market for the Cuban sugar, would there not?

Mr. RIONDA. Why, certainly, sir. If you will look at our figures you will see we sell more sugars to the independent refiners than we

do to the American, and we are not a small factor in selling Cuban sugars.

The CHAIRMAN. Would it be practicable or even possible for a combination to be made between the American Sugar Refining Company and the other refiners in this country to try to secure the benefit of any reduction by refusing to buy Cuban sugars?

Mr. RIONDA. Not as long as they can not keep the European market from going up. If they could make such a combination as to enable them to buy beets in Europe at lower prices, duty paid, than they can buy in Cuba, then I will admit they could buy the Cuba sugars at a reduction.

The CHAIRMAN. Practically, can it be done?

Mr. RIONDA. No, sir; no man is ever going to sell a thing at 3 cents if he knows it is worth 4.

The CHAIRMAN. Then your idea is that if a reduction in duty is made the holder of sugar in Cuba will get the benefit of it?

Mr. RIONDA. Undoubtedly so.

The CHAIRMAN. Suppose there is no reduction made, what will be the effect on the holder of Cuban sugar then?

Mr. RIONDA. Very disastrous; because then those that have advanced money against sugars at the rate of  $1\frac{1}{2}$  cents a pound, for fear that the market might go lower, and for fear that the sugar might deteriorate in test and lose in weight, would call all these loans in, and then the Cuban sugar—I don't know what price it would sell at. It would be a regular panic.

The CHAIRMAN. It would put down the price of sugar the world over.

Mr. RIONDA. Not necessarily. It might be limited to Cuba, because Cuba is financially very weak, while the other countries are strong.

The CHAIRMAN. I asked you another question which you answered as well as you could in the letter, and that is, How many refineries are there in England at the present time?

Mr. RIONDA. I think there are 15. There are some very small ones.

The CHAIRMAN. You think there are 15?

Mr. RIONDA. Yes, sir; there are 15.

The CHAIRMAN. That is, in 1900.

Mr. RIONDA. That is, in 1900. I guess there are no more now.

The CHAIRMAN. Have you any statistics as to what the capacity of those refineries is? You did not give them, and I did not ask you for them.

Mr. RIONDA. The only thing I found was that out of 1,624,000 tons of sugar consumed in the United Kingdom only 661,000 tons were refined in that country, so that the capacity of those 15 refineries must be very small, comparing them with the capacity of the refineries in the United States.

The CHAIRMAN. You do not know whether they refine to their full capacity or not?

Mr. RIONDA. I do not; no, sir.

The CHAIRMAN. I do not think of anything more to ask Mr. Rionda at this time.

Senator TELLER. I have a witness here that I would like to examine now because he is on his way to Habana and wants to get away. Shall I call him now?

The CHAIRMAN. You could come again, could you not, Mr. Rionda?

Mr. RIONDA. Yes, sir; any time you say.

Senator TELLER. If I could do that I could accommodate this gentleman. I do not want Mr. Rionda to come to-morrow, though.

The CHAIRMAN. No; you will come when we want you, I suppose?

Mr. RIONDA. Any time you say, sir.

Senator TELLER. I shall want you to come because I have not cross-examined you at all. It would accommodate this gentleman very much to go on with him now.

The CHAIRMAN. Yes; that is all right.

Mr. RIONDA. You would not want me to-morrow?

Senator TELLER. No; not until next week.

Mr. RIONDA. All right, sir.

The witness was excused.

### TESTIMONY OF GEORGE E. BRYSON.

GEORGE E. BRYSON, having been first duly sworn by the chairman, testified as follows:

Senator TELLER. What is your full name, Mr. Bryson?

Mr. BRYSON. George E. Bryson.

Senator TELLER. Mr. Bryson, have you had any experience in Cuba?

Mr. BRYSON. I have been there about seven years—since 1895.

Senator TELLER. Have you been there the most of the time?

Mr. BRYSON. Oh, yes. I have not been out of the island more than two or three months during the whole seven years.

Senator TELLER. Where did you reside? Where was your headquarters?

Mr. BRYSON. I resided in Habana most of the time.

Senator TELLER. What was your business when you were there?

Mr. BRYSON. First as a newspaper correspondent. Afterwards I was editor of various papers in Habana. I was connected with the *Diario de la Marina*, the leading paper in Habana. I have been and am still commissioner of deeds for the State of New York and half a dozen other American States.

Senator TELLER. Are you pretty familiar with the sugar industry of the island?

Mr. BRYSON. Well, not so much so as one who is in the sugar business, probably, but pretty fairly.

Senator TELLER. Are you acquainted with the holdings by Americans there?

Mr. BRYSON. To some extent.

Senator TELLER. Have you some knowledge that would enable you to express an opinion as to the cost of producing sugar down there?

The CHAIRMAN. Wait a moment.

Senator TELLER. I did not ask him what it cost, but if he knows anything about it.

The CHAIRMAN. You may ask him that question, but I do not see how it is important.

Senator TELLER. What do you say to that, Mr. Bryson.

Mr. BRYSON. Yes.

Senator TELLER. Now, Mr. Bryson, what I want more particularly is to prove by you the amount of holdings, so far as you know, of American citizens and Spanish citizens as distinguished from Cuban citizens.

The CHAIRMAN. What do you mean by "holdings?"



Senator TELLER. Holdings of sugar plantations and the production of sugar. That is certainly within the scope of the resolution.

The CHAIRMAN. Yes; that is all right.

Senator TELLER. If you have any knowledge of the companies and corporations and individuals, I wish you would state what you know about it in your own way. If you have a map there to show where they are located, you can use that, and while you are about it, to save asking questions, so as to hurry up a little, just give the capacity of the yearly production as near as you can.

Mr. BRYSON. The individual capacity of all the estates I have been on I can not exactly give.

Senator TELLER. You may state whether they are small or large.

Mr. BRYSON. The Caracas, of Terry's, I suppose, is the largest.

Senator TELLER. I want you to deal simply with the American and Spanish holdings, and tell what they are; whether they are owned by American citizens and Spanish. If they are owned by Cubans, I do not care anything about it. I do not want to touch that.

Mr. BRYSON. The Constancia, of the Marquis de Apezteguia. It is now an American syndicate. He was a Spaniard.

Senator TELLER. Is that a large or a small estate?

Mr. BRYSON. That is the second largest, I guess, down there.

Senator TELLER. The second largest in the island?

Mr. BRYSON. Yes.

Senator TELLER. Have you any idea about its capacity?

Mr. BRYSON. About 120,000 hogsheads, I guess, capacity.

Senator TELLER. How many hogsheads make a ton?

Mr. BRYSON. About three, I guess.

Senator TELLER. That would be 40,000 tons. Go on.

Mr. BRYSON. The Rosario Sugar Company. That is in Habana Province. That is an American company also—very small plantations. Then you have the Senado plantation in Puerto Principe, and adjoining that is El Congresso.

Senator TELLER. State whether they are large or small.

Mr. BRYSON. These are the largest I am naming now.

Senator TELLER. You are naming the largest?

Mr. BRYSON. Yes, sir; this Rosario plantation is owned by Mr. Ceballos. He is an American citizen. I believe he was a Spaniard formerly, but he is an American citizen and in an American syndicate now. The Senado and the Congresso are owned by the Sanchez Brothers and Mr. Havemeyer, through Mosle Brothers, in New York, who hold the mortgages and are go-betweens between the Sanchezs, who hold the land, and Mr. Havemeyer, who advanced the money for the machinery and improvements.

Senator TELLER. Are Sanchez Brothers now citizens of the United States?

Mr. BRYSON. Yes; I think one of them was born in the States; probably two. There are three or four of them. They are Cubans, but they have always been Americans. One of the brothers is known as Hill Sanchez. He gets his name, Hill, from a relationship to a former United States Senator. I do not know exactly what it is, whether it is nephew or what.

Senator TELLER. Who is that; Hill, of New York?

Mr. BRYSON. Hill, of Georgia.

Senator TELLER. Ben Hill?



Mr. BRYSON. Yes, sir. Then adjoining the Senado and the Congresso you have another estate, owned by Mr. Machado, who is an American citizen.

Senator TELLER. Is he the man who was up here before the House committee?

Mr. BRYSON. I do not know, sir. It is Machado, of Puerto Principe.

Senator TELLER. Do you know what his given name is?

Mr. BRYSON. Francisco, I think. The sugar from his estate is controlled by the same parties who control Senado and Congresso—that is, Mosle Brothers.

Senator TELLER. What are they—brokers?

Mr. BRYSON. Brokers of Havemeyer and Benedict interests. A man named Benedict is also interested in the stock of those two plantations. It is so understood there.

Senator TELLER. Do you know what Benedict's full name is?

Mr. BRYSON. I do not know his full name. He was connected with ex-President Cleveland in some transactions.

Senator TELLER. Oh, yes; that is E. C. Benedict. Go on.

Mr. BRYSON. Farther up are the Santa Lucia estates of Sanchez Brothers.

Senator TELLER. Do they belong to the same people?

Mr. BRYSON. They are cousins. They are more or less the same family.

Senator TELLER. Are they American citizens, too?

Mr. BRYSON. They are citizens; yes. One of the Sanchez, of the Senado and Congresso, was American consul or consular agent in Puerto Principe at one time. One of the other brothers was British consul, acting at the port of Nuevitas, and at one time, in the early part of the old ten years war, was a colonel of Spanish volunteers who played up that way more to protect his property than anything else.

Senator TELLER. Do you understand he is a Spanish citizen yet?

Mr. BRYSON. Oh, no.

Senator TELLER. He is an American?

Mr. BRYSON. They are Americans. I so understood. Then farther down you have the Tanamo estates. They formerly were held as sugar estates and some banana properties.

Senator TELLER. Who owns them now?

Mr. BRYSON. I think now they are in the hands of Havemeyer. Before the war they were owned by the Boston Fruit Company, I think, who planted bananas along the coast. Since then they went into the hands of Mr. Havemeyer. He has control of all that bay down there.

Senator TELLER. I think Mr. Havemeyer testified here that he was interested in this Tanamo Bay property. Where is Tanamo Bay?

Mr. BRYSON. Tanamo Bay is near Nipe Bay. It is an adjoining bay there.

Senator TELLER. In what part of the island?

Mr. BRYSON. The north coast—the eastern part.

Senator TELLER. Why do you say Mr. Havemeyer, as you understand, now owns it. Give us your reason for that?

Mr. BRYSON. Well, it is generally understood so in Cuba among people who have cause to know as to transfers and liens and mortgages, and so on.

Senator TELLER. I know he did say he was interested in Tanamo Bay, but I can not put my eye on it; but go on, that is a matter to be looked up afterwards.

Mr. BRYSON. Well, at Guantanamo, farther around on the south coast of eastern Cuba, you have nearly all of the estates there controlled by the Brookses.

Senator TELLER. Where do they live?

Mr. BRYSON. They are Englishmen. One of them was American consular agent, and may be an American citizen. I think he is one of the sons; but the old house of Brooks is an English firm. Mr. Ramsden, who was British consul there, was one of the junior members of the firm. He was a managing junior member.

Senator TELLER. How large an estate is that?

Mr. BRYSON. It practically covers everything around Guantanamo. He owns a railroad there, too.

Senator TELLER. Is it a large estate?

Mr. BRYSON. Yes.

Senator TELLER. Have you any idea of its capacity at all?

Mr. BRYSON. The Brooks's and the smaller plantations around, that they more or less control, ship about 120,000 hogsheads also.

The CHAIRMAN. How many hogsheads?

Senator TELLER. One hundred and twenty thousand hogsheads, he says, and he calls three hogsheads a ton. There must be a different sized hogshead from what I was used to when I was a boy, because the hogshead would weigh a ton, I guess. Go on.

Mr. BRYSON. At Trinidad you have another large estate that belongs to a company of which Mr. Atkins, of Boston, is a leading partner.

Senator TELLER. Well, we know about that.

Mr. BRYSON. Then at Manzanillo you have an estate which Mr. Rigney owns. He is an American citizen.

Senator TELLER. How large an estate is that?

Mr. BRYSON. It was pretty much destroyed by the revolution, but he has recuperated and put in some new machinery, and it is going again. It is a pretty good-sized estate, but not as large as these others I have named. Mr. Kelly, of New York, is interested with him in the corporation that they formed under American laws. It is called the Teresa. Then there is another estate down on the south coast, south of Puerto Principe, that belongs to the Tuninu, an American corporation. It is also spelled "Tuinicu." It is spelled both ways.

The CHAIRMAN. Who owns that?

Mr. BRYSON. An American corporation, though they have some English capital interested, I understand, in new loans that they have raised on it to further improve it. They have put in modern machinery.

Senator TELLER. Are there any more that you can call attention to?

Mr. BRYSON. That is about all the larger ones in which Americans are interested; all of the larger ones. I do not mean the smaller ones.

Senator TELLER. There are a good many others?

Mr. BRYSON. Yes; there are probably a hundred smaller plantations all through the island that American citizens own.

Senator TELLER. What do you know about the Spanish citizens? Do they own any?

Mr. BRYSON. They own a good many in Matanzas.

Senator TELLER. In that section?

Mr. BRYSON. Yes, sir; and in all that section in between Caabarien and Habana, all those estates through there, the old Espana estate and the estates around the towns of Colon and Cardenas. The lands of those were largely held by Cubans before the war, but were covered with mortgages to Spaniards and controlled by Spaniards.

Senator TELLER. Is that the case now?

Mr. BRYSON. Yes; more or less now. The Spanish bank has advanced money through there, and the North American Trust Company has advanced some money on behalf of some American parties, among them one Hollis, of New York. He advanced a million dollars somewhere in Cuba in those districts. It was so announced in the Habana papers, and I understood it in business circles there.

Senator TELLER. Your position as commissioner of deeds gave you some opportunity of learning about these investments otherwise than you would have had if you had not been commissioner?

Mr. BRYSON. I imagine so, naturally.

Senator TELLER. Have you ever made any estimate in your own mind, and from your knowledge and acquaintance with the holdings, of what proportion of the total crop of sugar—say this last year—would be produced by Americans; that is American citizens, or I mean from the holdings of American citizens?

Mr. BRYSON. American citizens or corporations?

Senator TELLER. Corporations.

Mr. BRYSON. In which Americans, Cubans, and Spaniards and other foreign capital are interested under American charter?

Senator TELLER. Yes, if it is a corporation incorporated in the United States.

Mr. BRYSON. Well, American corporation holdings and individual American holdings will exceed one-half of the whole island.

Senator TELLER. Of the crop of the whole island?

Mr. BRYSON. Yes.

Senator TELLER. Have you ever made any calculation as to what proportion of the crop the Spanish people own? I do not mean what they control by their loans, but what they absolutely own.

Mr. BRYSON. Absolutely own unmortgaged?

Senator TELLER. I mean when a Spaniard owns a plantation and works it. I do not mean to include in that question those estates that Cubans own that he has a mortgage on. There are some, as I understand.

Mr. BRYSON. I can not answer that, because there are estates that Cubans own but which are mortgaged and remortgaged to Spanish money lenders, who really control the sugar except in accord with them. It is held in warehouse.

Senator TELLER. What proportion of the sugar is in that situation?

Mr. BRYSON. At least 20 per cent.

The CHAIRMAN. Twenty per cent is what?

Senator TELLER. Twenty per cent of Cuban sugar is held by Spaniards, who control really the disposition of the sugar, for security.

Mr. BRYSON. That is, not including in that Spaniards who are in American corporations—individual Spanish holdings.

Senator TELLER. Mr. Atkins testified before the House committee that there was a large number of small holders, people who did not own the land, but worked on some other man's land and produced cane, etc. Will you explain what that system is down there?

Mr. BRYSON. It is something like the Mexican peon system, but in a more respectable way. They use poor people who have been employed and are still employed. They have been employed probably on salary in prosperous times, and afterwards their families grow up and they are allowed to squat on some part of the land belonging to this big central. The owner of the central partitions them off so much land on which they can plant and grow sugar for themselves. A certain amount he allows them, but at the same time they work for him, you know, when he needs them, for so much a day. Of this sugar that they produce he gives them receipts for the cane by the cart load—a big cart load, such a weight of cane, and that is held; and finally when the crop is ground and the sugar produced he comes in on a percentage, after the cost of caring and weighing and preparing and sacking and shipping and warehousing and holding in the port. When the sugar is finally sold they credit him back his proportion of it, according to the receipts he holds, half of what he has produced.

Senator TELLER. The other half goes for what; for the land?

Mr. BRYSON. It goes for the land and for some other privileges that they give him, you know, such as raising stock, and sometimes they advance him a little money to buy a cow with, or something, at the beginning of the year.

Senator TELLER. Whatever he is indebted is taken out, is it?

Mr. BRYSON. Yes.

Senator TELLER. And he gets what is left?

Mr. BRYSON. And he comes in on an equal proportion with the owner when the sugar is finally sold at a port.

Senator TELLER. That is, if he raises one one-hundredth part, he gets one one-hundredth part?

Mr. BRYSON. He gets one one-hundredth part minus half.

Senator TELLER. Half is taken out to begin with, for the rental and favors?

Mr. BRYSON. Yes; for the favors he is shown.

Senator TELLER. Are there many of that kind of tenants down there?

Mr. BRYSON. Oh, yes; on those larger estates you may find from 300 up, little squatters all over the place. In old times the plantation covered so much, and they had what they called a realengo, a royal right to extent 10 miles around, you know. The owner of the plantation did not own that land, but he could have squatters out there.

Senator TELLER. All around him?

Mr. BRYSON. Yes; as long as nobody else bought the land from the State he had the right to have his people squat on it if he owned the central plantation.

Senator TELLER. And he furnished them the supplies, etc., I suppose?

Mr. BRYSON. Yes; the colonos can not take this sugar away and sell it. They have to go in with the crop.

Senator TELLER. Do they ever sell it to the centrals for cash?

Mr. BRYSON. If they don't owe anything; if the central has no claim on it.

Senator TELLER. Does the central ever buy their cane at so much a pound?

Mr. BRYSON. There are times when the central is not the owner of the colono. For instance, if a sugar plantation is burned down and I

have some colonos, and you have a central and you are working, I sell you my cane and let my colonos go over and sell cane to you. Then you pay them cash.

Senator TELLER. That is what I understood, that they sometimes bought on shares and sometimes for cash.

Mr. BRYSON. But that is not the original colono of the plantation.

Senator TELLER. Could you give a little more in detail those large plantations? Some of them you did not state what your judgment was of their production. You did state as to two or three of them, but the most of them you did not. If there are any of them as to which you can state their production when you look over them, I wish you would do so.

Mr. BRYSON. Those are the largest estates in the island, and not being a sugar expert, that is, not being a sugar broker, not having the statistics of what they produce, my idea, in round numbers, would hardly be met.

Senator TELLER. Do you think you have given from that about all you can give?

Mr. BRYSON. Well, yes; as to the figures.

Senator TELLER. I want you to explain to the committee how the rise or fall of the price of sugar there affects these small fellows, whether it affects them at all or not, these people who are working in the shape you have just been telling about?

Mr. BRYSON. Well, in an indirect way, you see, it may affect a few of them who have the sugar in the general crop, but they have no voice in it whatever.

Senator TELLER. They get whatever is given them?

Mr. BRYSON. They get what the planter figures out belongs to them.

Senator TELLER. And they have to take what he gives them?

Mr. BRYSON. Yes, sir.

Senator TELLER. More or less?

Mr. BRYSON. If they decide to sell at a certain price to some friend who is in the sugar-brokerage business—for instance, many people are owners of plantations and are still in the sugar-brokerage business. They may receive telegrams from Germany or telegrams from New York. If there is any difference, Mr. Jones can buy, and Mr. Smith can sell, you know, and the colono gets no advantage of that. It is an outside speculation.

Senator TELLER. I think you may take the witness now, Mr. Chairman.

The CHAIRMAN. Where were you born? Of what country are you a native, Mr. Bryson?

Mr. BRYSON. North Carolina.

The CHAIRMAN. You have been in Cuba for seven years?

Mr. BRYSON. Yes, sir.

The CHAIRMAN. What were you doing before you went to Cuba?

Mr. BRYSON. For nearly seven years before I went there I was the correspondent of the New York Herald in Central America, covering all the Republics—eighteen different revolutions—and some few sugar-producing countries.

The CHAIRMAN. Are you in business at all, except as a newspaper man?



Mr. BRYSON. I am a commissioner for several American States and a translator in Habana.

The CHAIRMAN. Translator?

Mr. BRYSON. Spanish-English translator.

The CHAIRMAN. Have you ever been in mercantile business?

Mr. BRYSON. Never, sir.

The CHAIRMAN. Or in any producing business?

Mr. BRYSON. I have grown oranges in Florida, until the freeze stopped it.

The CHAIRMAN. Now, will you state a little more particularly what has been your business in Cuba during the seven years you have been there?

Mr. BRYSON. As war correspondent for the Herald, the World, the Journal, and, when I first went there, for some time I also represented the London Times in eastern Cuba, before Mr. Akers landed in the island, in 1895.

The CHAIRMAN. You went there in 1895?

Mr. BRYSON. Yes.

The CHAIRMAN. When did the last revolution begin there?

Mr. BRYSON. It began in 1895.

The CHAIRMAN. You went there about the time the last revolution began?

Mr. BRYSON. I left Port Limon, in Costa Rica, with Maceo.

The CHAIRMAN. Were you with the Cuban army at all?

Mr. BRYSON. I was on both sides, but as a correspondent. I was with Maceo and Gomez. I was with General Campos. I was with General Pando.

The CHAIRMAN. What is your precise connection with newspapers in Cuba?

Mr. BRYSON. I have no paper now.

The CHAIRMAN. You said you were connected with that Spanish paper. What is the name of it?

Mr. BRYSON. *Diario de la Marina*. I was connected with it one year.

The CHAIRMAN. As what?

Mr. BRYSON. As English editor. I had charge of the English page. I had the first American paper there, the *Advertiser*, which is extinct now. I had another paper there, the *Havana Cigar*, some time ago.

The CHAIRMAN. And that is extinct?

Mr. BRYSON. Yes.

The CHAIRMAN. Did you ever own any other newspapers there, or any interest in other newspapers?

Mr. BRYSON. No, sir.

The CHAIRMAN. There was a paper called the *Journal* there, was there not?

Mr. BRYSON. Yes; Mr. Sam Small ran that.

The CHAIRMAN. Were you in that?

Mr. BRYSON. No; I never had any connection with that; and a gentleman from Connecticut or New Hampshire was also interested in it.

The CHAIRMAN. Yes; Connecticut; Mr. Atwater.

Mr. BRYSON. Yes.

The CHAIRMAN. How did you get this information about sugar production in Cuba that you have given us?

Mr. BRYSON. Well, in various ways. If you go out to look for a news story you try and find out all you can.



The CHAIRMAN. Did you ever find any Cuban plantations there?

Mr. BRYSON. Some few.

The CHAIRMAN. You have not given us those.

Senator TELLER. I especially said I did not want those.

Mr. BRYSON. They were nearly all burned out.

Senator TELLER. It was not because I cared, but because I was in a hurry. I did not want to go into that.

The CHAIRMAN. Can you give us the names of some Cuban plantations and estates there, or are they all gone?

Mr. BRYSON. They still own the original land, under mortgage.

The CHAIRMAN. Do you remember now any Cuban plantations there that are operated?

Mr. BRYSON. Since I have been in Cuba I never knew a Cuban plantation entirely free from mortgage, and absolutely——

The CHAIRMAN. I am not inquiring about mortgages. I am inquiring whether there are any Cubans raising sugar and producing it?

Mr. BRYSON. Yes.

The CHAIRMAN. You think there are some?

Mr. BRYSON. Yes.

The CHAIRMAN. Will you not tell us who they are, as well as you can remember them, and the capacity?

Mr. BRYSON. Well, Mr. Terry is a Cuban, but an American citizen.

The CHAIRMAN. What is his plantation?

Mr. BRYSON. Caracas.

The CHAIRMAN. He is a Cuban by birth?

Mr. BRYSON. Yes.

Senator TELLER. But he is an American citizen?

Mr. BRYSON. Yes.

The CHAIRMAN. Do you remember any others—I mean real Cubans who are not American citizens—who are producing sugar there?

Mr. BRYSON. I have never known a Cuban who owned a plantation in Cuba during the seven years I have been there who was not either a Spaniard or an American citizen, or supposed to be one.

The CHAIRMAN. So far as you know, then, there are no real——

Senator TELLER. You mean the plantations?

Mr. BRYSON. Yes; the Cubans own no large plantations. Those are in the corporations and syndicates.

The CHAIRMAN. I want to get at that. You do not know, then, any strictly speaking Cuban citizens who are engaged in producing sugar in Cuba?

Mr. BRYSON. I think Mr. Machado has announced his American citizenship recently in Puerto Principe.

The CHAIRMAN. That is all you know of now; you know of no others?

Mr. BRYSON. No.

The CHAIRMAN. So that, so far as you know, there is just one real Cuban producing sugar in Cuba now. Is that it?

Senator TELLER. He did not say that, Senator.

The CHAIRMAN. I ask him if that is it. He says there is one. He does not think of any others. That is a fair inference.

Mr. BRYSON. There are hundreds of small planters who are just above these colonos, who are Cubans.

The CHAIRMAN. Has any Cuban a central there that you know of?

Mr. BRYSON. I do not know a single large central——

The CHAIRMAN. Large or small; do you know of a Cuban central in Cuba?

Mr. BRYSON. No, sir.

The CHAIRMAN. You spoke of one establishment producing 120,000 hogsheads of sugar. Do they sell sugar in hogsheads there?

Mr. BRYSON. I do not think they sell in hogsheads; I think they sell in bags.

The CHAIRMAN. How many bags to a hogshead?

Mr. BRYSON. In estimating, they speak of hogsheads.

The CHAIRMAN. How many bags to a hogshead?

Mr. BRYSON. About three, I should judge.

The CHAIRMAN. Three bags to a hogshead?

Mr. BRYSON. Yes.

The CHAIRMAN. And three hogsheads to a ton?

Mr. BRYSON. Yes.

The CHAIRMAN. Well, you think American citizens, either native or naturalized, produce about half the crop, and Spanish citizens about 20 per cent. Who produces the other 30 per cent of the sugar crop of Cuba?

Mr. BRYSON. The small Cuban planters who have no centrals, who are not colonos, but who are not important people, you know.

The CHAIRMAN. Do you know the La Conchita plantation?

Mr. BRYSON. I do not; no.

The CHAIRMAN. You do not know it at all?

Mr. BRYSON. No, sir.

The CHAIRMAN. Do you know Juan Pedro?

Mr. BRYSON. No, sir.

The CHAIRMAN. You do not know anything about him?

Mr. BRYSON. No, sir.

The CHAIRMAN. You do not know whether he produces any sugar or not?

Mr. BRYSON. No, sir.

The CHAIRMAN. All these American naturalized citizens become Cubans under their constitution, do they not?

Mr. BRYSON. If they signify the desire. I can be a Cuban under the constitution when I return to Habana. I have been there long enough, and if I make petition to the state department I can be a Cuban to-morrow.

The CHAIRMAN. Do you remember just what the clause in the constitution is about who are Cuban citizens?

Mr. BRYSON. Yes, sir. Those who have been there five years and who, within six months after the proclamation of this constitution by the military government, signify their desire to be regarded as Cubans, who have been in the island five years previous thereto.

The CHAIRMAN. Is there not some clause about those who have been naturalized in America?

Mr. BRYSON. Yes; I think there is.

The CHAIRMAN. They are all to be Cuban citizens if they signify their desire to be?

Mr. BRYSON. If they signify their desire.

Senator TELLER. I understand all the people down there, including the Spaniards, if they have been there long enough, may become citizens, but they will not unless they say so.

Mr. BRYSON. Yes.

The CHAIRMAN. How do you get your information that the sugar crop is ever spoken of or reckoned there by hogsheads?

Mr. BRYSON. I have heard it spoken of by hogsheads by people who are in the business; for instance, Mr. Sanchez, for one.

The CHAIRMAN. Do you know the sugar brokers in Habana?

Mr. BRYSON. Yes, sir; I know them.

The CHAIRMAN. And elsewhere throughout the island?

Mr. BRYSON. Yes; a number. Not all of them.

The CHAIRMAN. Have you been personally to all these estates that you have given us here as being owned by American citizens or in which American citizens are interested?

Mr. BRYSON. At different times during the time I have been there; yes, sir.

The CHAIRMAN. Since the war?

Mr. BRYSON. Since 1895.

The CHAIRMAN. Not since the American occupation?

Mr. BRYSON. No; not to all of them.

The CHAIRMAN. Do you think there is any sugar produced on the estate of Tanamo Bay plantation?

Mr. BRYSON. Yes.

The CHAIRMAN. How much?

Mr. BRYSON. Some little. It is not in very good shape now. They are trying to get in shape. A lot of property was destroyed.

The CHAIRMAN. Is there a central there?

Mr. BRYSON. At Tanamo Bay—yes. They are putting in new machinery. I have not been there since it was put in.

The CHAIRMAN. How long since you have been there?

Mr. BRYSON. Three years.

The CHAIRMAN. Do you think that plantation is now cultivated for cane at all?

Mr. BRYSON. Cane, you know, in Cuba, once planted, continues there. It don't need much cultivation.

The CHAIRMAN. Do you think there has been much cut on that plantation this year?

Mr. BRYSON. I could not say. I have not been there this year.

The CHAIRMAN. Do you think there has been any cut there since the war?

Mr. BRYSON. I rather think so.

The CHAIRMAN. You rather think so?

Mr. BRYSON. I could not swear so, sir.

Senator TELLER. Mr. Havemeyer did not say there was no sugar being made down there. He said he was not making any.

The CHAIRMAN. Who are these Brooks people, who produce the 120,000 hogsheads a year?

Mr. BRYSON. The firm of Brooks is the oldest banking house in eastern Cuba. It is an old English house.

The CHAIRMAN. They are not Americans?

Mr. BRYSON. No. One son was American consular agent. I think he may be an American citizen.

The CHAIRMAN. And the other was an English consul?

Mr. BRYSON. Yes, sir; Ramsden was a member of the firm.

The CHAIRMAN. You say Mr. Havemeyer owns those plantations?

Mr. BRYSON. No; I have not said so.

The CHAIRMAN. I thought you said he had practically all the sugar-producing lands around Guantanamo?

Mr. BRYSON. Mr. Brooks—Mr. Brooks's firm.

The CHAIRMAN. Do you call them American citizens?

Mr. BRYSON. No, they are not American citizens; but their business relation with sugar people in New York is very close.

Senator TELLER. I do not suppose they are the people you are particularly anxious to protect down there by this reduction, are they?

The CHAIRMAN. Do you want me to answer questions you put to me?

Senator TELLER. No; I should say that if we show that this sugar is raised by Englishmen we would not be under obligations to help those fellows out.

The CHAIRMAN. I think we are under obligations to Cuba, no matter whether it is peopled by American citizens, like Mr. Bryson, or others.

Senator TELLER. We will discuss that later.

The CHAIRMAN. Then you do not wish to be understood, Mr. Bryson, that American citizens own these sugar-producing plantations which are under the control of the Brooks's, do you?

Mr. BRYSON. No. I have never seen Mr. Brooks's account, and I could not say on oath clearly how he stands with them; but I know that his shipments go to New York, and his relations are largely with the sugar powers in New York.

The CHAIRMAN. How do you know that?

Mr. BRYSON. I have lived in Santiago.

The CHAIRMAN. Tell us how you know he has intimate relations with the sugar houses in New York—the trust, as it is called. How do you know it?

Mr. BRYSON. I know it from a feeling. I know it just as well as the Americans know that the Spaniards blew up the Maine.

The CHAIRMAN. There are a good many Americans who do not know that.

Mr. BRYSON. It is a feeling.

The CHAIRMAN. Then what you are testifying here on is your feeling, is it?

Mr. BRYSON. No, sir.

Senator TELLER. What was your question?

The CHAIRMAN. I said, what he is testifying on, then, are his feelings. Is that it?

Mr. BRYSON. Judgment.

The CHAIRMAN. Judgment?

Mr. BRYSON. From circumstantial, surrounding indications.

The CHAIRMAN. Judgment from circumstantial, surrounding indications? That accounts for all your testimony here?

Mr. BRYSON. No, sir.

The CHAIRMAN. Simply with regard to this establishment?

Mr. BRYSON. In regard to Mr. Brooks.

The CHAIRMAN. How do you know how much the Constancia plantation produces of sugar?

Mr. BRYSON. Sugar brokers in Habana have told me, in different conversations, about it. In fact I was, to explain it, if you will give me a minute——

The CHAIRMAN. As many as you please.

Mr. BRYSON. I was approached by parties to start a paper there.

The CHAIRMAN. Where?

Mr. BRYSON. To start a paper when I was running the Tobacco. I had overtures to start a paper which would take up the sugar question, and in that way I had the sugar question largely explained to me by people who were experts in it.

The CHAIRMAN. When was that?

Mr. BRYSON. That was last fall.

The CHAIRMAN. Well, did you start the paper, El Tobacco?

Mr. BRYSON. I did not start the sugar paper.

The CHAIRMAN. Was that El Tobacco?

Mr. BRYSON. Not El Tobacco; the Habana Cigar.

The CHAIRMAN. Somebody told you that the Constancia produced 120,000 hogsheads?

Mr. BRYSON. Yes, sir.

The CHAIRMAN. Do you remember who told you?

Mr. BRYSON. No; I could not give the name.

The CHAIRMAN. You said you never had access to the books of the Brooks Company?

Mr. BRYSON. I never had.

The CHAIRMAN. You never had access to the books of any of these companies, did you?

Mr. BRYSON. Well, I could not call them; I do not remember.

The CHAIRMAN. Then is this true, that you are simply giving the committee your impressions that you gathered down there as a newspaper man and in conversation with people?

Mr. BRYSON. During seven years there. Yes; in contact with Spaniards and Cubans and Americans.

The CHAIRMAN. Do you know anything about the Providencia plantation?

Mr. BRYSON. No; I have not been on it.

The CHAIRMAN. Do you know anything about it?

Mr. BRYSON. I have heard such a plantation existed.

The CHAIRMAN. Do you know whether there is such a plantation there?

Mr. BRYSON. I do not remember where it is.

The CHAIRMAN. You do not remember where it is situated?

Mr. BRYSON. No.

The CHAIRMAN. Do you know La Julia plantation? Did you ever hear of it?

Mr. BRYSON. Plantation Julia? I never heard of it. There is a steamer that runs around the island by the name of Julia.

The CHAIRMAN. There is a steamer there, but you know nothing about a plantation by that name?

Mr. BRYSON. No.

The CHAIRMAN. You do not know the La Conchita plantation?

Mr. BRYSON. No, sir.

The CHAIRMAN. I think that is all.

The witness was excused.

#### TESTIMONY OF OSCAR W. DONNER.

OSCAR W. DONNER, having been first duly sworn by the chairman, testified as follows:

Senator TELLER. Your name is Oscar W. Donner?

Mr. DONNER. Yes, sir.

Senator TELLER. What is your business, Mr. Donner?

Mr. DONNER. I am employed by the American Coffee Company?

Senator TELLER. Is that the company that is controlled by the American Sugar Refining Company?

Mr. DONNER. I do not know to what extent it is controlled.

Senator TELLER. It is not Arbuckle's?

Mr. DONNER. Oh, no.

The CHAIRMAN. It is probably the rival of Arbuckle's in New York.

Senator TELLER. Mr. Havemeyer testified before the Industrial Commission that the Sugar Refining Company owns it. Are you a brother of Arthur Donner?

Mr. DONNER. Yes, sir.

Senator TELLER. Treasurer of the American Sugar Refining Company?

Mr. DONNER. Yes, sir.

Senator TELLER. What are your duties?

Mr. DONNER. I am connected with the management of the American Coffee Company, and especially the entire advertising department is under my charge. We act as agents for the Woolston spice. The American Coffee Company are the only agents for the Woolston Spice Company.

Senator TELLER. Who owns that company; do you know?

Mr. DONNER. I do not know anything about it.

Senator TELLER. You are the advertising agent?

Mr. DONNER. Yes, sir.

Senator TELLER. I want to show you a little circular and ask you what you know about that.

Mr. DONNER (after examination). Yes.

Senator TELLER. Do you know all about it?

Mr. DONNER. I know all about it.

Senator TELLER. Did you secure the publication of this?

Mr. DONNER. Yes; I had it printed.

Senator TELLER. At whose suggestion did you have it printed?

Mr. DONNER. Well, most of it was mine—at my own suggestion. I saw so much in the papers that was so untrue and such terrible attacks that I thought it would be a good thing to get some extracts from papers. There is no personal matter in there. It is simply extracts from papers, simply compiled.

Senator TELLER. This refers to sugar, not coffee?

Mr. DONNER. Sugar; yes, sir.

Senator TELLER. Is that part of your duties—to look after the advertisements in sugar matters?

Mr. DONNER. That is not an advertisement.

Senator TELLER. Well, the publications, then, we will say.

Mr. DONNER. Mr. Havemeyer also asked me to do it.

Senator TELLER. Did Mr. Havemeyer bring it to you?

Mr. DONNER. No. I don't know whether Mr. Havemeyer had seen it in that shape.

Senator TELLER. Who brought it to you?

Mr. DONNER. I had it compiled.

Senator TELLER. You consulted Mr. Havemeyer about it?

Mr. DONNER. I showed him these cuttings and asked whether he had any objection to having these things sent around—to get some



facts of the best-known papers in the United States and give the facts and figures and statistics, etc., don't you see?

Senator TELLER. Who printed it for you?

Mr. DONNER. A man called Oehler. I don't know his first name.

Senator TELLER. John, is it not?

Mr. DONNER. John Oehler; yes, sir.

Senator TELLER. What did you pay for the printing? I will ask you first how many of them did you have printed?

Mr. DONNER. Those figures I can not give you. There were quite a good number of them. I can not give you the figures.

Senator TELLER. We have a memorandum here of 350,000. Is that probably correct?

Mr. DONNER. That might be; yes.

Senator TELLER. Do you remember what you paid for it, or anything about it? There is a memorandum on it. Do you remember what you paid for it?

Mr. DONNER. Approximately. The real figures I can not give you.

Senator TELLER. I do not ask you for the exact figures.

Mr. DONNER. For all I know, those figures may be correct. It is about two or three dollars a thousand. It may be 50 cents more.

Senator TELLER. You paid \$493 for the first 150,000?

Mr. DONNER. Yes; that is about right.

Senator TELLER. And then for 200,000 more you paid \$615?

Mr. DONNER. Something like that; yes. About \$3 a thousand.

Senator TELLER. Something over \$1,100 for 350,000. Would that be a fair price?

Mr. DONNER. I beg your pardon. Do you mean a fair price——

Senator TELLER. That is about what you paid for it; something like that?

Mr. DONNER. I could not tell you exactly, but something like that.

Senator TELLER. You paid for it, did you?

Mr. DONNER. Personally I did not pay for it.

Senator TELLER. Who did pay for it?

Mr. DONNER. I don't know. All these things go to the proper department of the American Coffee Company, and how they are charged I don't know.

Senator TELLER. You did not pay for it yourself?

Mr. DONNER. I did not pay for it.

Senator TELLER. Did you distribute them?

Mr. DONNER. I had to distribute them through various channels.

Senator TELLER. How did you distribute them?

Mr. DONNER. I took out, for instance, lists to business people—classes that I thought would be interested in it and intelligent enough to understand the facts, simply to counteract the falsehoods and attacks on the trust.

Senator TELLER. Did you not deliver to Mr. Oehler two checks for the payment?

Mr. DONNER. No.

Senator TELLER. You are sure you did not?

Mr. DONNER. I did not; no.

Senator TELLER. I say you are sure you did not?

Mr. DONNER. I did not.

Senator TELLER. You do not know who did?

Mr. DONNER. No; I do not.

Senator TELLER. How did you distribute them; through the mails?

Mr. DONNER. A good many through the mails; yes.

Senator TELLER. And some through the express?

Mr. DONNER. No; I don't think I distributed any through the express.

Senator TELLER. What other documents of the same character have you compiled or had printed?

Mr. DONNER. I think they are all in here. Whenever we found, for instance, an article such as Willett's and Gray's statistics, or statistics of that sort, don't you see, I thought they would be the best on facts and figures, you know, not opinions, and I always gave the name of the paper. There may be five or six others that were perhaps mailed loose. In fact, I am sure of that, but I can not tell you exactly whether there were four or five. I took the New York Evening Post and these papers.

Senator TELLER. You have had printed, then, in the last few months, quite a large number of what you call "facts" in the sugar controversy, have you not?

Mr. DONNER. Decidedly so; yes.

Senator TELLER. How many different sorts of circulars or papers have you distributed? I do not expect you to state them exactly, but generally.

Mr. DONNER. Well, in that book alone there are probably 10 or 12.

Senator TELLER. I mean pamphlets or leaflets.

Mr. DONNER. Yes; a leaflet. I say a few single ones were sent out.

Senator TELLER. I saw one the other day; just a leaflet, which I presume was yours.

Mr. DONNER. Yes; those are the ones I mentioned just now.

Senator TELLER. Five or six different times?

Mr. DONNER. Yes.

Senator TELLER. You kept that up whenever you thought there was an unfair attack on the trust?

Mr. DONNER. I beg your pardon.

Senator TELLER. Whenever you thought there was an unfair attack on the trust you put out one of these?

Mr. DONNER. Whenever I saw absolutely wrong figures, etc. By the way, this was not very lately. I can not give you the exact date, but it was some time between October and January, or so. I mean last year.

Senator TELLER. Some time within the last six months, probably?

Mr. DONNER. Yes.

Senator TELLER. And these others were within the same time?

Mr. DONNER. Yes; about the same time.

Senator TELLER. You have sent out some quite recently, too, have you not?

Mr. DONNER. No; I have not sent out any recently.

Senator TELLER. Not very recently?

Mr. DONNER. No; I don't think I have.

Senator TELLER. As the advertising man or the literary man, I think perhaps it would be well to call you, have you procured publications in the newspapers?

Mr. DONNER. I have never had one word with any editor or proprietor of any paper except that instead of distributing them through the mail we had some of these articles in what they call a patent list,

which is printed, which the editors have nothing to do with. It is simply the same as an advertisement, which is a little cheaper than sending it by mail.

Senator TELLER. Did you have this sent out on one of the patent insides, as they call them?

Mr. DONNER. This pamphlet?

Senator TELLER. Yes.

Mr. DONNER. No.

Senator TELLER. But you have sent these others?

Mr. DONNER. They may have been. For instance, among my mailing list these things were sent to editors, decidedly so. As I say, the exact mailing list——

Senator TELLER. You mean to say you have gone to these people who control what we call the patent insides and had them put in these things in the paper?

Mr. DONNER. Yes.

Senator TELLER. It would go in how many papers—several hundred?

Mr. DONNER. Yes; a good many papers.

Senator TELLER. Several thousand, perhaps?

Mr. DONNER. Yes; there were a good many; but that is on the advertising side. It is not an editorial. That is an advertisement.

Senator TELLER. For which you pay?

Mr. DONNER. For which we pay for the space, the same as we do with the coffee. We always have a good deal of space.

Senator TELLER. But it appears in the paper as if it was an editorial, does it not?

Mr. DONNER. I think not.

Senator TELLER. As reading matter?

Mr. DONNER. Never without saying where it came from. I never allowed a single thing to go out——

Senator TELLER. You never put down on this that this comes from your company, did you?

Mr. DONNER. I don't think I did that, no; but what I mean is this: You will always find it is from such and such a paper.

Senator TELLER. For instance, here is an article "Make Cuba sugar free. From the Weekly Statistical Sugar Trade Journal, October 24."

Mr. DONNER. That is right. It was between October and January.

Senator TELLER. Here is one on December 28.

Mr. DONNER. I said between October and January.

Senator TELLER. Here is another one of January 6.

Mr. DONNER. Yes; I think you will find it is about that time.

Senator TELLER. Here is "The American Grocer, November 13;" here is one of December 17, and here is one of January 10. I guess maybe that is the last.

Mr. DONNER. Of course I can not tell within a day.

Senator TELLER. It came out some time after the 10th of January, did it not?

Mr. DONNER. I expect so; yes. I believe the 10th you will find to be the last one.

Senator TELLER. There is no mark on it to show when it was printed, that I know of.

Mr. DONNER. I could easily furnish that to you, the date when it was printed.

Senator TELLER. I do not care anything about it. As long as you say it was printed after the 1st of January, that is enough.

Mr. DONNER. Yes; about that time.

Senator TELLER. You could not tell me how many of these patent insides you have made, could you?

Mr. DONNER. No; I could not. In fact that changes every week as to these patent lists. They drop a good many of the papers. You know it is really nothing but an advertisement. The inside is printed here and they furnish a paper; you understand the idea of it.

Senator TELLER. Yes; I understand that.

Mr. DONNER. I always made it a condition that I did not want these things to appear as editorials. I did not want them to sail under false colors. I simply wanted them to say: "Here is an extract from such and such a paper."

Senator TELLER. You were very careful though, not to say: "This is an extract from the Chicago Inter-Ocean, which has been published at the request" of anybody particularly? You do not do that. You let it go into the inside just as if the compiler of the inside had gotten that up himself?

Mr. DONNER. I do not know, but I should not be at all surprised if you find the letters added underneath.

Senator TELLER. Do you mean your letter added?

Mr. DONNER. The same as any advertisement. If I want to say that our coffee is best I do not say: "This is an advertisement." I simply put it in.

Senator TELLER. Do you say it is a fact that it is shown to be an advertisement?

Mr. DONNER. No; I did not order it that way, but I never said anything to the contrary.

Senator TELLER. They never do it that way unless you do order it, do they?

Mr. DONNER. Yes; I think they do in a great many papers. I think you will find a great many reading notices in papers which put underneath "Advertisement." I think you will find in the Evening Post "The best cigar," or something like that.

Senator TELLER. Yes; in those papers, but this patent inside is a different publication.

Mr. DONNER. No; I do not think they put that word under there.

Senator TELLER. If you will find me an instance of that I will be very glad.

Mr. DONNER. No; I don't think I would try to find it, because probably it is not on it.

Senator TELLER. That is all I want to ask this gentleman.

The CHAIRMAN. As I do not think this has anything to do with the scope of our inquiry I do not wish to ask any questions.

Senator TELLER. I am going to put this pamphlet in the record, Senator, or try to.

The CHAIRMAN. You will have to now, since you have examined the witness on it. It will have to go in.

Senator TELLER. I will give it to the reporter, and we will discuss whether it is in order when we come to make up our report, perhaps.

The CHAIRMAN. Yes.

The pamphlet referred to is as follows:

150,000—\$493—  
200,000—\$615—

### FACTS ABOUT SUGAR.

#### MESSRS. OXNARD'S AND CUTTING'S VIEWS ON THE BEET-SUGAR INDUSTRY.

[From the New York Evening Post, December 12, 1901.]

The Evening Post bids the heartiest welcome to every American industry that can stand on its own bottom and make its way without leaning on the poor rates. Among these self-supporting industries, we are glad to know, is the production of beet-sugar. At all events, it was such two years ago. We publish elsewhere a letter written in 1899, and signed by Mr. Oxnard and Mr. Cutting, the chiefs of this industry on the eastern side of the Rocky Mountains, showing that this was the happy condition of the trade at that time. If parties masquerading as beet-sugar producers are besieging the President and Congress at this moment, and pretending that they will be ruined if Cuban sugar is admitted for six months at half the present rates of duty, their false pretenses ought to be exposed.

The letter of Messrs. Oxnard and Cutting was probably written for the purpose of inducing the farmers of the Mississippi Valley to go more largely into the cultivation of beets for the sugar factories.

This was a laudable motive for telling the truth and showing the large profits which awaited both the beet grower and the manufacturer if the industry were perseveringly and intelligently prosecuted. To this end it was pointed out that farmers could clear \$65 per acre by cultivating beets, and might even make \$100. But in order to assure the cultivator that he would not be exposed to reverses by possible changes in the tariff, they proceeded to show that the industry stood in no need of protection.

The beet-sugar industry, these gentlemen say, "stands on as firm a basis as any business in the country." They point out the fact—a very important one—that their products comes out as a finished article, refined and granulated. It is not, like cane sugar grown in the West India Islands, a black and offensive paste, which must be carried in wagons to the seaboard and thence by ships to the United States, where, after another handling, it is put through a costly refinery, and then shipped by rail to the consumer, who may possibly be in Nebraska, alongside a beet-sugar factory which turns out the refined and granulated article at one fell swoop. Indeed, the advantages of the producer of beet sugar for supplying the domestic consumption are very great. We have no doubt that Messrs. Oxnard and Cutting are within bounds when they say that "sugar can be produced here cheaper than in Europe." The reason for this is that "the sugar industry is, after all, merely an agricultural one. We can undersell Europe in all other crops, and sugar is no exception."

It follows as naturally as the making of flour from wheat. If we can produce wheat cheaper than Europe, then naturally we can produce flour cheaper, as we do.

But the writers of the letter do not depend upon a priori reasoning to prove that they can make sugar at a profit without tariff protection. They point to the fact that under the McKinley tariff of 1890, when



sugar was free of duty, the price of the article was 4 cents per pound. Yet a net profit of \$3 per ton was made by the beet-sugar factories under those conditions, not counting any bounty on the home production of sugar. They boast that they made this profit while working under absolute free trade, and they have a right to be proud of this result of their skill and industry. Many beet-sugar factories had been started in bygone years, back in the sixties and seventies of the nineteenth century, and had failed, because the projectors did not understand the business. Since then great progress has been made, both here and abroad, in the cultivation and manipulation of the beet. What was impossible thirty years ago is now entirely feasible. The industry is already on a solid and enduring basis. There are factories in the United States, these gentlemen tell us in their letter, capable of using 350,000 tons of beets per annum, at a profit of \$3 per ton, and this would make a profit of \$1,050,000 as the income to be earned under absolute free trade.

It must be plain to readers of this letter, signed by the captains of the beet-sugar industry, that the people in Washington who are declaiming against the temporary measure which the President of the United States urges for the relief of the Cuban people are either grossly ignorant of the subject or are practicing gross deception. The tenable ground for them is to say, "Other people are having protection that they do not need, and therefore we ought to have more than we need." This would be consistent with the letter of Messrs. Oxnard and Cutting, but nothing else is so.

---

**PROFITS IN BEET SUGAR—NO PROTECTION NEEDED, THOSE INTERESTED DECLARE—TEXT OF AN OFFICIAL STATEMENT BY HENRY T. OXNARD, PRESIDENT, AND W. BAYARD CUTTING, A DIRECTOR, OF THE AMERICAN BEET-SUGAR COMPANY—INDUSTRY COULD THRIVE UNDER ABSOLUTE FREE TRADE—BEARING OF THE DECLARATION ON THE CLAIM FOR A TARIFF AGAINST CUBAN SUGARS.**

[From the New York Evening Post, December 12, 1901.]

The Evening Post herewith presents, as bearing on the current claims of certain beet-sugar producers for high protection against Cuban cane sugar a letter, written and issued in 1899 by W. Bayard Cutting and Henry T. Oxnard, directors of the American Beet-Sugar Company:

"In 1889 the possibilities of the beet-sugar industry in the United States first recommended themselves to the Messrs. Oxnard and Cutting and determined them to invest in its development. It commended itself to them not only on account of its probable profit and its introduction of a new manufacturing industry of great magnitude, but very largely because it seemed to provide that which the country sorely needed—a new agricultural industry of large possible benefit to the farmer, suffering from overproduction and unprofitable prices for his cereals. It is possible that, had the pioneers in the industry foreseen the time, care, and labor attendant upon the development of the enterprise, they might have withdrawn—and yet they are able to assert to-day, without reserve, that both from the manufacturing and agricultural side the industry has succeeded beyond any of their



original calculations or hopes. It stands to-day on a basis as firm as any business in the country, and if the clearest signs do not fail the anticipations of a new agricultural outlet of vast possibilities and secure returns will be more than realized.

“The troubles of the promoters have been due largely to agrarian causes. The unwillingness of the Northwestern farmer to adopt new agricultural methods, his dislike of learning from experts, and, above all, his distrust of anything like ‘capital,’ made his education well-nigh hopeless. To the normal obstacles was added the rampant Populism in Nebraska (resulting in the repudiation of the State’s obligation to the sugar manufacturers), and the conditions were not encouraging. All this, however, has been overcome. Gradually the mutuality of interest of the manufacturers and the growers has been realized. Slowly the motives of the beet buyers—so long perversely misrepresented and misunderstood—have been seen by the farmers to be fair, and at last good feeling prevails and the farmer is eager, rather than reluctant, to supply the raw material. Not a year since its inception has the manufacturing side of the project failed to show a profit, but the enormous outlay on the educational and agricultural side, and the expensive alterations and additions to plant necessary to meet unforeseen conditions and to perfect the machinery so as to keep it in the very front rank of similar enterprises, combined to make the first few years of operation costly.

“This is the experience, however, that gives wisdom, and it may be said now, in a general way, first, that the supply of raw material is assured beyond any doubt; and, second, that the world contains to-day (it is believed) no more perfect factories than those owned by the Oxnards and Cuttings. As to the first point, it must be borne in mind that the farmer takes the minimum of risk, his crop being all sold in advance by written contract at a fixed price, and that his gross return is from \$40 to \$65 per acre as a normal price, with occasional cases running up to \$100. A full supply is assured for 1899 in Nebraska, while the difficulty in California seems to be to select from the large acreage offered while doing justice to all applicants.

“Perhaps it may be well to draw attention to one or two features of the industry:

“1. Its product is a staple of universal consumption and of the readiest sale.

“2. The product is a finished article, the sugar being turned out refined and granulated, the manufacturer not being dependent upon the refiners’ trust for his market.

“3. Competition by home production is so remote as to be scarcely worth consideration. The United States is now compelled to import three-quarters of its consumption, and it would take at least 300 factories of a daily capacity of 500 tons of beets to produce present importation.

“Regarding the future development and permanency of the beet-sugar industry in the United States, there can be absolutely no doubt, for the following reasons:

“1. Of the tropical countries which it is proposed to annex to the United States, Porto Rico is too small to cut any figure, and the Philippine Islands have not the necessary elements for the expansion of the sugar business sufficiently rapid to give any concern to those inter-

ested in the production of sugar from beets in this country for the next twenty-five years to come.

“2. The island of Cuba is so situated that its sugar industry can rapidly recover the ground lost during the insurrection, provided that the labor question there can be satisfactorily settled. There is, however, no fear that Cuban production, even under an annexation to the United States, can in our day expand to the point where the United States would become exporters of sugar instead of importers, and hence that protection would no longer protect.

“3. Greater than all the above assurances of the permanence of the sugar industry in this country is the fact that sugar can be produced cheaper here than it can be in Europe. The sugar industry is, after all, merely an agricultural one. We can undersell Europe in the production of all other crops, and sugar is no exception. The sugar consumed in the civilized world consists of 3,000,000 tons of cane sugar grown in the Tropics and 5,000,000 tons of beet sugar grown on the continent of Europe. Therefore, in considering any given sugar enterprise, if it can meet and overcome the competition of sugar on the continent of Europe it is perfectly safe to say that it has a permanent future.

“4. In addition to all the above, the main fact is to find out what the conditions would be under free trade in this country. This was tested practically by admitting the raw sugars of the world free to compete with us in the period from 1891 to 1894. During these three years the duty was entirely removed from raw sugars coming from foreign countries, and in place of this duty a bounty of 2 cents per pound was given to the home producers, which was paid out of the National Treasury, until the McKinley law of 1890 was repealed, and in its place the Wilson tariff bill was substituted on the 28th of August, 1894.

“The average prices of granulated sugar during the years 1891, 1892, and 1893, taken from Willett and Gray's Journal, which is the recognized authority in the sugar world, are as follows:

1891.....	cents a pound..	4.041
1892.....	do.....	4.346
1893.....	do.....	4.84

The average price of sugar in 1890, before the duty was removed, was 6.17 per pound. Taking the lowest year, say, 1891, it is found that sugar sold at an average price during that year at 4 cents a pound. This was under free trade, admitting all the raw sugars of the world to our markets duty free. Therefore, if the lowest price (4 cents) be taken as an average, it will give a guide to go by in the event that we ever again return to absolute free trade. During 1898 the Chino factory produced 256 pounds of granulated sugar per ton, and the Norfolk 250 pounds per ton. In the new factory at Hueneme a production of about 270 pounds is anticipated. However, let us take the average as 250 pounds, which is the product of 1 ton of beets manufactured into granulated sugar. If we multiply this figure by 4, it gives us \$10 as the net result from a given ton of beets manufactured into granulated sugar at free-trade prices.

“There is a seven years' contract in our new factory at Hueneme paying \$4 as an average price for beets. If we add to this the cost of manufacturing these beets into sugar, we will find that \$3 would cover every expense. Our figures, based on averages in our factories located

in California and Nebraska, show that \$2.50 per ton covers the actual expenses of manufacturing sugar, and in the new factory, which is three times as large as the Chino factory, we expect to reduce the cost below \$2; but, for the sake of conservatism, we will place the figures at \$3.

Beets .....	per ton..	\$4
Expense of working beets into sugar .....	do....	3
Total .....		7
Amount realized from the sale of the product at 4 cents per pound .....		10
Net profit per ton .....		3

The factories are capable of manufacturing at least 350,000 tons of beets into sugar per annum; 350,000 multiplied by \$3 would give \$1,050,000 (this at 4 cents per pound; at 3 cents per pound, 25 per cent less, \$780,000) as the income to be derived under absolute free trade should the price of sugar be at the lowest price prevailing during the years when all duty was removed from raw sugar.

“The annexation of the Hawaiian Islands, if anything, is more advantageous to the home producers than the treaty conditions of free sugar produced by contract cooly labor. Now they must manufacture sugar under the labor and tariff laws of the United States, instead of under the cooly-labor system. It is a fact that the total consumption of sugar in the United States doubles every fifteen years. The consumption in 1882 was 1,061,220 tons, whereas in 1897 the consumption was 2,096,263 tons. Total production to-day in the United States, including Hawaiian Islands, is only 400,000 tons. The annual increase in consumption is about 300,000 tons, which is the average production of cane and beet sugar in the United States proper to-day.

“From the above, it will be seen that there is absolutely no fear of competition from internal sources for the next quarter of a century at least. It is difficult, without an appearance of egotism, to suggest that the experience of the Messrs. Oxnard and Cutting, covering over eight years of labor under varying conditions of location and environment, has given them peculiar advantages. Expertness in the actual making of sugar from the beet is a small part of the knowledge required to engage successfully in the business. The location of a factory, the securing of the raw material, the negotiation with the farmers—these and other details not to be foreseen by any inexperienced person, however intelligent or capable—can only be learned by the experience of actual operation. The knowledge of what to avoid is as important as that of what to provide, and thus early in the industry has been presented the spectacle of two factories, under different ownerships, drawing from similar localities and erected under similar conditions, showing balances on different sides of their income account for the same year.

“The following statement of the results of the campaign of 1898 is submitted:

	Grand Island.	Norfolk.	Chino.
Tons .....	18, 546	31, 066	47, 302
Work expenses .....	\$2. 05	\$2. 53	\$2. 92
Profit per ton .....	\$2. 89	\$4. 50	\$5. 06
Maintenance per ton .....	\$1. 68	\$1. 20	\$1. 50
Profit .....	\$1. 31	\$3. 30	\$3. 56
Profit (net) .....	\$24, 295. 26	\$102, 518. 00	\$168. 395. 00

“This statement shows that Grand Island made a profit per ton of beets of \$2.89 on a tonnage of 18,546 tons. Norfolk made a profit of \$4.50 per ton on a tonnage of 31,000 tons, and Chino a profit of \$5.06 per ton on a tonnage of 47,302 tons. The above figures are exclusive of the cost of maintaining the factories through the closed season, and include, in the case of Chino, the freight at \$1 per ton on about 20,000 tons of beets brought from Mantalvo, on account of the noncompletion of the new factory near that point. Therefore, the following is submitted as representing the possibilities for 1899, on the assumption that the plant at Oxnard (Hueneme) should be doubled. In other words, this is an estimate of a normal year’s operation of our four factories when fully developed and with conditions as favorable as during the year 1898:

Oxnard, 200,000 tons, at \$4.50.....	\$900,000
Chino, 90,000 tons, at \$4.50 .....	405,000
Norfolk, 35,000 tons, at \$4.25.....	149,000
Grand Island, 25,000 tons, at \$2.75.....	69,000
<hr/>	
Total .....	1,523,000

“From this we deduct for general expenses, taxes, and maintenance:

Brought over .....	\$1,523,000
Oxnard.....	\$123,000
Chino.....	75,000
Norfolk.....	40,000
Grand Island .....	35,000
<hr/>	
	275,000

Surplus .....	1,248,000
---------------	-----------

“As to the above figures, it is confidently expected that 100,000 tons will be produced at Chino instead of the 90,000 called for above, and we see no reason why we should not net \$5.06 per ton for 1899 instead of \$4.50, as estimated above, particularly as we shall not have to spend over \$20,000 for freight on distant beets. At Norfolk we are promised 5,000 acres of beets, which ought to produce between 40,000 and 45,000 tons, at least, instead of the 35,000 estimated. Nor does there seem any good reason why Norfolk should not earn at least as much per ton as she did in 1898, namely, \$4.50, instead of \$4.25, as estimated above. We are led to believe that Grand Island will have 5,000 acres of beets offered to her, so that it would not seem unreasonable to suppose that we would have 35,000 tons or more, rather than the 25,000 estimated, nor that the profit would not be as large as that of 1898, namely, \$2.89 instead of \$2.75, as estimated. As to the Oxnard earnings, it must be borne in mind that the factory when doubled will have a capacity for fully 2,000 tons per day (probably more if pressed), while Chino is supposed to be a 750-ton factory, so that the estimate of 200,000 tons is conservative, based upon Chino possibilities. As to obtaining the acreage, there is no manner of question or room for doubt, and it is certainly conservative to estimate the profit at Oxnard at the same figure as the profit at Chino, considering the large saving in operating expenses which the size of the factory justifies us in counting upon, and which the superior richness of the beets makes more than probable.

“Now, as to the maintenance expenses. The maintenance allowed for Chino in 1898 is \$70,000, for Norfolk \$37,000, and for Grand Island about \$29,000. You can, I think, form your own judgment as to whether or not the figures I have given are conservative under these

circumstances. I would not, of course, pretend that, even with the present prices of sugar, every year would furnish conditions that would produce the figures conservatively given above. I give them, however, as a conservative calculation based upon known facts, and propose them as the basis of a capitalization of the enterprises that would seem attractive to investors.

“Consider the above in the light of the issue of a first mortgage of \$4,000,000 bonds at 5 per cent, a preferred stock of \$4,000,000 at 6 per cent, and a common stock of \$5,000,000.

Interest on the first mortgage .....	\$200, 000
Sinking fund to purchase bonds at 105 .....	105, 000
Preferred stock, \$4,000,000 at 6 per cent .....	240, 000
Total .....	545, 000

“Deducting this from \$1,248,000 estimated net earnings leaves \$713,000. It must not be forgotten that the company owns real estate in California conservatively valued at between \$500,000 and \$750,000, from which the company should derive annually an income of \$40,000 or \$50,000, in addition to the foregoing estimate of \$1,248,000.

“It is difficult to confine so large a subject within reasonable limits. Much that is interesting and significant has necessarily been omitted, but the closest investigation is invited, with the utmost confidence that the further it is extended the more clearly will the soundness of the enterprise be established.”

Beet-sugar men, unmindful of the representations as made above, called on President Roosevelt yesterday and asked him not to seek enforcement of the Cuban reciprocity recommendations. They were rebuffed.

#### FOR CUBA'S INTEREST AND OUR OWN.

[Editorial, N. Y. Sun, January 10, 1902.]

It is very clear—and the heart of every patriotic American ought to be proud because of it—that sentiment all over the country, and notably in Congress, is strengthening in favor of making substantial reductions in our tariff import duties upon Cuban sugar and tobacco. Indeed, the press of the nation has spoken on the subject with an accord and enthusiasm rarely before heard, and this influence, resting as it does upon facts which can not be gainsaid, has made itself felt. Many of the extremists who were declaring a few weeks ago that they were not going to “let down the bars an inch” are now expressing their willingness to consider the question, and declaring that if Cuba will make some reciprocal arrangement for our benefit the matter can perhaps be arranged. Senator Platt, of Connecticut, from whom, as a representative of the tobacco-growing interests, decided objection to any tariff reduction might be expected, has come out heartily in favor of a concession to Cuba “as fulfilling both a moral and a political obligation.” Others are taking a similar stand.

The national interest which we have in reducing these particular import duties involves not only the highest instincts of duty and humanity, but also the plain suggestions of political and economic expediency.

For the entrance of Cuban sugar and tobacco into our ports would



really help us just as much as and perhaps more than it would help the Cubans. It would not improperly aid any sugar-refining interest, for the sugar-refining companies would be induced—and they would not need to be forced—to sell sugar at rates lowered proportionately with the decreased cost of the raw material. It would hurt neither the farmers who raise beets from which our home-produced beet sugar is manufactured, nor the manufacturers of beet sugar themselves. The record of history is that from 1891 to 1893, when there was no tariff on raw sugars brought into this country, there was, after the receipt by farmers of an average price of \$4 a ton for raw beets grown by them, a profit to the beet-sugar manufacturers of \$3 a ton on the refined product. These facts, extraordinary as they may seem in view of the cry now raised by the beet-sugar manufacturers, were plainly admitted, nay, gloried in, in a document written and published broadcast in 1899 by Messrs. Oxnard and Cutting, the heads of the beet-sugar refining interests, and designed by them to encourage the production of beets by farmers for the use of the beet-sugar factories.

Moreover, the reduction of these sugar duties would enormously lessen to the American consumer the cost of one of the chief necessities of daily life, a cost which he now pays unknowingly in indirect taxation and would vigorously repel if it assumed a direct form. It would enable us to sell in Cuba \$50,000,000 worth more of our own products than we now do. It would enable us to establish in this country the same great jam and preserve manufacturing industries which are such a source of wealth in England and are wholly due in that country to the cheapness with which sugar is there procured.

And it would knit to us the infant Cuban Republic, which every consideration of high statesmanship bids us to hold in sincere and enduring friendship.

---

#### WHY THE RAW-SUGAR TAX SHOULD BE REPEALED.

[From the American Grocer, December 18, 1901.]

It is a direct tax on the workingman's wages. It is an iniquitous tax if not needed for revenue, and because that which it seeks to protect needs no protection other than that essential to counteract the bounty-fed sugars of Europe. Hawaiian and Porto Rican cane sugar and domestic beet sugar, sold at a no-duty price, would return a handsome margin of profit, insuring a constantly increasing output of such sugar.

Raw sugar should be free: Because the present tariff is unjust, in that it encourages and produces inordinate profits, all taken from the pockets of the people, and adding to the cost of living. It encourages class legislation. It is a monstrous wrong, because the \$36,000,000 contributed by the people of the country to this privileged class, together with \$48,000,000 paid the Government in duty, could be transferred to the savings banks to the credit of thousands, or used to increase the home comforts of 80,000,000, instead of being unfairly and unjustly diverted through Government protection to still further fatten the already plethoric purses of a few.

Raw sugar should be free: Because sugar is an absolute necessity of life and essential to the health of the people. Because free sugar



would greatly encourage and increase the jam, preserve, and jelly industries of the country. Under cheap fruit and cheap sugar the markets of the world for these industries would be ours. Great Britain employs 150,000 working people in this branch of trade alone, and produces merchandise of the value of \$50,000,000 or \$60,000,000 yearly. Every farmer therefore is interested in this phase of the question.

Raw sugar should be free: Because the present is a most propitious time to enact beneficial legislation of this kind. The Government does not need the revenue, and the beet and colonial cane producers do not need the protection. Cuba knocks at our door, asking for help. Why should it be denied? Have we not assumed a protectorate over the island? Do we not practically direct its government? Cuban interests are ours, and we should deal with Cuba on a basis of broad liberality commensurate with the power and known generosity of this great Republic. It is for the United States to make or unmake Cuba. Perpetuation of the present raw-sugar tariff on sugar imported from that island means its ruination. Should we accept such a responsibility? It is on record and beyond question that the domestic beet-sugar industry is a self-supporting and profitable enterprise without the aid of Government protection.

---

UP TO THE READER TO DRAW HIS OWN CONCLUSIONS.

[From the Detroit Evening News, December 17, 1901.]

Mr. Henry T. Oxnard, chief of the beet-sugar lobby at Washington, and Henry T. Oxnard, promoter of beet-sugar companies, appear to be separate and distinct persons; at least they hold opposite views as to the stability and security of the beet-sugar industry and its independence of tariffs.

Sunday morning's papers contained a most positive and unequivocal statement from Mr. Oxnard of the beet-sugar lobby that the removal of the tariff on Cuban cane sugar would mean the absolute ruin of the American sugar industry—would, in fact, wipe it out completely. "Under existing conditions," he said, "we can not compete with the Cubans. If conditions as to the cost of machinery and labor were equal, we might be willing to take our chances with them; but as things are now, this is impossible." He also asserted boldly that the beet-sugar producers are making only 6 per cent on their investment.

In 1899 Mr. Oxnard, together with his partner, W. Bayard Cutting, signed an extended letter, evidently addressed to prospective investors, in which it was clearly established that neither the annexation of Cuba nor a return to absolute free trade in sugar could check the growth or destroy the profits of the beet industry. In this letter the Cuban question was especially and specifically considered. Mr. Oxnard's statement at that time was:

"There is, however, no fear that even under annexation to the United States Cuban production can in our day expand to the point where the United States would become exporters of sugar instead of importers, and hence that protection would no longer protect."

He also called attention to the fact that the sugar production of the world consists of 3,000,000 tons of cane sugar from the Tropics and 5,000,000 tons of beet sugar from Europe. Consequently the security

of any given sugar proposition depends on its ability to hold its own with the European product. "The sugar industry," he declared, "is, after all, merely an agricultural one. We can undersell Europe in the production of all other crops, and sugar is no exception."

But the most weighty proposition advanced in the letter was that showing what the beet-sugar industry could do under free trade. For demonstration of this Mr. Oxnard and his partner appealed to the statistics of the sugar trade under the McKinley bill, when raw sugars were admitted free. The lowest average price for sugar in any one of the three years under that law was 4 cents a pound. This was a reduction of 2.17 cents a pound from the price prevailing the year before the law took effect; but it didn't dismay Promotor Oxnard a little bit. Indeed, he went on to show how, even at the free-trade price, the beet men could prosper amazingly. His experience showed that, conservatively estimated, beets would yield 250 pounds of granulated sugar per ton. This, at 4 cents per pound, meant \$10 per ton for each ton of beets worked. The cost of the beets was \$4 per ton; the cost of working beets into sugar, \$3 per ton. This would leave a net profit of \$3 per ton. His factories were then capable of handling 350,000 tons per annum. This meant a profit of \$1,050,000 per year. By way of making his case stronger, he pointed out that, should sugar go as low as 3 cents per pound—1 cent lower than the free-trade price—the profit would still be \$780,000.

Unless Mr. Oxnard, when making prospectuses, was a most studied and statistical liar, it is absolutely clear that his apprehension of ruin for the domestic sugar industry, if Cuba is granted some chance for her life, is either simulated or wholly unnecessary. Perhaps, by reading his letter of two years ago, he might reassure himself, and it is entirely possible that by reading that same letter the sugar-beet farmers and the beet-sugar manufacturers of Michigan may be able to estimate more accurately the value of what Mr. Oxnard and his colleagues are now attempting to make them believe.

Certainly, if the industry was so secure from any form of attack as Mr. Oxnard claimed in 1899, it must be much more so now, since it is better established, more perfectly developed, and in much stronger position.

The News is wholly unwilling to see any legislation enacted at Washington that would either ruin or seriously embarrass a promising and profitable Michigan industry. But it wants to invite the attention of local growers and manufacturers to the statements which Oxnard made when he was contemplating a recapitalization of his plants. From what we have learned of the returns on invested capital in this State, we are inclined to credit all that Mr. Oxnard then said, and to agree with him that all his estimates of profit were conservative.

#### FREE RAW SUGAR.

[From the American Grocer, November 13, 1901.]

Its advocates are the people; its enemies, vested special interests that grow inordinately rich at the expense of the nation. The demand for free raw sugar started and was carried to a successful issue before the domestic beet-sugar industry had an existence worth naming. The necessities of Government led to the reimposition of the duty, while

now its large surplus revenue invites the action of Congress in favor of free raw sugar.

We have so frequently outlined the benefits of free raw sugar that it is sufficient for our present purpose to summarize a few, viz:

A direct saving to the people of over \$84,000,000, a sum sacrificed through a blind devotion to an inequitable high tariff.

The extension of all industries into which sugar enters, including increased exports of condensed milk, preserved fruits, jams, jellies, confectionery.

The setting free of a large share of the capital of distributors, owing to the lower cost of the article to be carried in stock or as credits.

The creation of a better market for all fruits, thus utilizing the waste of orchards.

Setting aside such direct and indirect benefits as are named above, and which will accrue to consumers and the nation at large, the opponents of free raw sugar seek to divert public sentiment from its support by false and specious arguments. They seemingly forget or ignore that while all Americans favor a reasonable protection to home industries, the majority are opposed to unreasonable protection, or a policy which enriches the few at the expense of the many, or any other form of class legislation.

The question naturally arises in this connection, Will the domestic beet-sugar growers be injured by free raw sugar? Will it impair the ability of the beet-sugar refiners to pay a liberal dividend on the capital invested if a half-cent duty is placed on refined sugar? At present the beet-sugar refiners are making what one of their advocates declares "wagon loads of money."

That statement is borne out by the facts, for it is conceded that granulated sugar can be manufactured from sugar beets (paying the grower \$4 to \$4.50 per ton) at a cost of from 2½ to 3½ cents per pound, as to the location and equipment of the factory and the relations of brains to management. If the refiners work at the lowest possible cost, employing scientific methods, they can easily pay 10 per cent, or more, on the money invested, with raw sugar duty free. Last season one factory paid its stockholders a dividend of 20 per cent in cash and 100 per cent in scrip. Other beet-sugar refiners have made equally as good a showing, and where others have failed the fault lies with the men interested and not with the conditions.

Accepting the beet-sugar promoters' claim that granulated sugar can be produced for 3 cents per pound, we then have the following extraordinary conditions for the domestic beet-sugar producers:

The average selling price of granulated sugar in the State of Michigan and adjacent territory at the present time is about 5 cents net cash; in the Missouri River markets and adjacent territory, 5 cents net cash. These districts represent the distributing territory for domestic beet granulated, and therefore the selling price of granulated sugar in that territory is a fair basis for calculation as to what they receive for their product, which is the difference between cost (3 cents per pound) and selling price (5 cents), or net (2 cents), or 66⅔ per cent profit on the productive cost of the article. This profit is about \$7 per barrel, or nearly seven times the net profit obtained by the refiners of cane sugar. Certainly such an infant industry is not in need of a high protective tariff.

And yet in face of such facts the opponents of free raw sugar seek to divert popular opinion from the main question by declaring that those in favor of free raw sugar are so through "powerful, selfish, avaricious, greedy, and perhaps unscrupulous interests." This designation, it would seem, might with greater propriety be applied to that interest which seeks a protection of over 2 cents per pound on domestic beet sugar, even though that policy involves a cost to consumers of over \$85,000,000 annually.

The designation used above is quoted from an anonymous pamphlet issued last spring at Washington, D. C., entitled "Spanish and British Sugar Planters and American Speculators." In referring to the acceptance of the Platt amendments by Cuba, it says:

"The free-sugar scheme was kept for months well in the background, and upon its success rests the refusal of the so-called constitutional convention in Cuba to either accept or reject the Platt amendments (although the latter have no relations whatever to free sugar and tobacco from Cuba), in order to reduce duties thereon. Will Congress propose to buy the acceptance of the Platt amendments? Powerful, selfish, avaricious, greedy, and perhaps unscrupulous interests are behind this proposal to sacrifice at least three very important home industries. It suggests the most disgraceful betrayal of a policy of protection that ever occurred in economic history. Those industries are sugar, tobacco, and fruit. If it succeed, no Republican will longer be bound to support the Republican party, the leaders in which should be the last to desert the great principle upon which the party has won its greatest victories since the issues of the civil war lapsed."

There is no intention, as intimated in the above quotation, on the part of the leaders of the dominant party to change its tariff policy. Some members of the Republican party in Congress already recognize that many duties are exorbitantly high, and such men as Mr. Babcock, of Wisconsin, have publicly pledged themselves to work for a reduction of the tariff on articles manufactured by industries that no longer need the stimulus of a high tariff.

The advocates of free raw sugar do not favor an abandonment of protective duties. They simply ask for the removal of an excessive tariff on raw sugar in the interest of the people and American industries, while favoring a duty of one-half cent per pound on refined, a tax which the most expert refiners in the world deem a fair protection.

The United States have entered upon an era of expanding trade and commerce and the development of new possessions. Certainly American capital invested in the Philippines, Porto Rico, and the Hawaiian Islands is entitled to as much consideration and protection as though it were invested in the United States proper, and no more. It is idle and absurd to accuse the sugar producers of our new possessions of being avaricious and selfish in seeking to have the duty on sugar reduced or abrogated. They certainly are entitled to equal favors with domestic sugar interests.

As regards Cuba, this country has assumed a protectorate that if this gem of all islands is to maintain close relations with the United States our laws should be generous and broad enough over the new republic, and it would seem the part of wisdom to enable her to compete favorably with the colonies subject to the Stars and Stripes, and give to the United States the large trade which Cuba now does with the United Kingdom and continental Europe.



The American farmer profits in the production of beet granulated at a cost of 3 cents per pound to the extent of \$4 per ton for his beets. It is little enough, and with a beneficent tariff he would not receive less. How long, then, are the people of the United States to shovel dollars into the pockets of the domestic and colonial sugar producer on the basis of 75 to 100 per cent profit? It seems as if this was a question hard for Congress to answer except in one way, and that is to give the breakfast table, the candy manufacturer, the condensed-milk manufacturer, and, above all, the jam manufacturer the benefit of the lowest possible cost for sugar. The jam and preserving industry of Great Britain is estimated at \$50,000,000 in volume, largely export, 75 per cent of which could be done by this country under a beneficent sugar tariff. Free raw sugar and fair protection to the beet and cane producer of the country, not exceeding one-half cent per pound on granulated, should meet with the approval of Congress at the next session. Will it, or will selfish interest predominate? Will the people go on paying the sum of \$50,000,000 into the hands of the domestic and colonial sugar producer? We believe not, for public sentiment is fast concentrating in favor of free raw sugar.

The sugar tax is a direct tax on a workingman's wages. Sugar is a necessity of life. It is wrong to tax what the people live upon. Without the need of the revenue, the tax becomes iniquitous and should be repealed. The McKinley bill, in 1891, did repeal it; sugar became free. What will President Roosevelt do in the interests of the community at large? We believe he will follow Mr. McKinley's beneficence, and not be controlled or influenced by politicians, the avowed agents of beet and cane interests.

---

#### BEET SUGAR AND CUBAN SUGAR.

[New York Tribune, January 6, 1902.]

Since the chief opposition to reciprocity with Cuba comes from the beet-sugar industry of the United States, it will be fitting to consider what will be the legitimate effect upon that industry of abolishing or reducing the tariff upon Cuban sugar, and also what will be the effect upon the beet-growing farmers who supply the beet-sugar factories with their raw material. The impression has somehow got abroad that concessions to Cuban sugar will so militate against the beet-sugar factories of the United States as to cause them to close, and thus to deprive the farmers of their market, or at least to compel them greatly to reduce the price paid to the farmers for the beets; and on this ground some sentiment against reciprocity with Cuba seems to have been worked up among the farmers. Such ground and such sentiment must be regarded as altogether mistaken. Elsewhere in to-day's Tribune we print an instructive letter upon this subject from Mr. Albert G. Robinson, showing that the average price now paid to farmers for beets is about \$4.90 a ton. According to a reputable authority cited by Mr. Robinson, the average production of beets is less than 6 tons to the acre. That would give gross returns to the farmer of a fraction more than \$29 from an acre. The cost of cultivation appears to range from \$14 to \$27 per acre, which, deducted from the returns, leaves a painfully narrow margin of profit and suggests the query

whether it will pay farmers to go on raising beets. That, however, is apart from the present issue, which is the effect of a reduction of the tariff upon Cuban sugar—its effect upon the farmer who grows sugar beets and upon the manufacturer who transforms the beets into marketable sugar. Upon this question authoritative information is not lacking.

The letter issued two years ago by two leading directors of the American Beet Sugar Company, to which Mr. Robinson refers and which we have already quoted from the New York Evening Post, set forth that in 1891–1893, when there was no tariff on raw sugar, the average price of granulated sugar in this country was more than 4 cents a pound, and that that price might, therefore, be taken as the one to be expected if we should return to free trade in sugar with all the world. It also reckoned 250 pounds of sugar as the product of a ton of beets. That gave \$10 as the gross amount realized—and realizable, in the face of free trade competition—in sugar from a ton of beets. Against this sum it then set the costs of manufacture. These were \$4 a ton paid to the farmers for the beets and \$3 a ton as the expense of transforming the beets into marketable granulated sugar worth 4 cents a pound. The total cost, \$7, deducted from the proceeds, \$10, thus left \$3 net profits to the manufacturers on every ton of beets. It was shown, moreover, that this was a most conservative estimate, since 4 cents a pound was the minimum price of sugar—in 1891 it was 4.04 cents; in 1892, 4.34; and in 1893, 4.84—and 250 pounds from the ton of beets was the minimum yield—at some of the factories considerably more was actually produced, and in none less—while \$3 a ton was the maximum of working expenses—the actual figures in the factories showing an average of only \$2.50. And all this, be it observed, without the slightest reference to the McKinley bounty of 2 cents a pound on the beet sugar, which, we may fairly infer from this authoritative letter, was, or if continued would have been and would be, just so much clear profit to the manufacturers, in addition to the already generous profits of \$3 or more on each ton of beets.

The beet-growing farmers may be assured, then, upon the authority of the beet-sugar manufacturers themselves, that the granting of the most liberal concessions to Cuban sugar would not necessitate or justify the slightest reduction in the price of beets. The manufacturers have declared, categorically and in detail, that even if not only Cuban but also German and Belgian and Austrian and all other sugar shall be admitted to this country free of all duty, they will still be able to pay the farmers \$4 a ton for their beets and to make a satisfactory profit for themselves in so doing. This, according to their own figures, they can do without the aid of any bounty whatever. It is gratifying to record this as an indication of the prosperous and profitable status of the beet-sugar manufactories. An industry that in a dozen years can thus outgrow all need of bounty or protection is one to be envied for its rapid and robust growth. The same record also contains an indubitable assurance to the farmers that they have nothing to fear from concessions to Cuban sugar. They have the word—and in some cases the written contract—of the sugar refiners for it that the price of beets will not be lowered. In that view of the case the farmers' opposition to Cuban reciprocity must vanish—while logically, according to their own showing, that of the beet-sugar manufacturers can not be maintained.



## KILL THE BILL.

[Chicago (Ill.) Inter-Ocean, December 28, 1901.]

Henry Oxnard, of Omaha, has a scheme to pay Cuban sugar exporters a bounty from the United States Treasury. This scheme he has recommended to President Roosevelt as a substitute for Cuban reciprocity.

For about three years Henry Oxnard, of Omaha, and his little beet-sugar clique have cast the pebble that has continually impeded and sometimes blocked the wheels of our greatest national policy. All the beet-sugar mills in this country in the last year produced less than one-thirty-third of the sugar we ate. Yet the Oxnard clique has continually pestered Congress for special favors. And it has generally succeeded in obtaining what it asked.

Why were our promises to Porto Rico repudiated for nearly two years and our "plain duty" refused? Ask Oxnard.

What caused the House of Representatives to ignore the Taft Commission and seek to put the Philippine Islands in a worse position than the least favored nation? Ask Oxnard.

Who now proposes, instead of tariff concessions that will enable Cuba to prosper, to burden the United States Treasury with pauperizing bounties? Again Henry Oxnard, of Omaha, the ineffable.

The American people are sick and tired of seeing their great interests imperiled, the fruits of the war with Spain trifled with, and the seeds of discontent and sedition sown broadcast for the sake of Oxnard and his friends in the sugar industry.

It certainly was not for this that our soldiers and sailors fought and died, that Spain was swept from the seas, that Cuba was freed, and the Philippines won. Therefore it rests with the Senate, as a grave duty, to rid this country of the dangerous load which the Hon. Sereno E. Payne helped Oxnard impose on Congress.

Let the Senate kill the Philippine tariff bill or so amend it that it will not constitute at once a menace and a disgrace to the Republican party and the American people.

---

NOW FOR THE WORK OF CONGRESS.

[Editorial, New York Herald, January 6, 1902.]

Congress will reassemble at noon to-day, and the real work of the session will begin—assuming that the "let well enough alone" policy is not to prevail and that there is to be any real work.

The Herald's special dispatches from the capital this morning indicate that the leaders of the majority have made a great concession—they are now willing to grant a reduction of 20 per cent from the Dingley tariff rates on Cuban sugar and tobacco provided it can be demonstrated that no American interest will be adversely affected.

It is needless to comment upon the greed of the domestic tobacco and sugar interests, which stand out against the nation doing its full duty by the Cubans, a duty so earnestly advocated by Governor Wood and so heartily indorsed by President Roosevelt in his message, wherein he declares that "we are bound by every consideration of honor and

expediency to give these islanders a material concession which will enable them to exchange their tropical products for the necessities of life to be obtained in our markets."

In the revenue law passed for Porto Rico before free trade was proclaimed the concession was 85 per cent. True, Porto Rico was an American possession; but so is the Philippine Archipelago, and yet the present House has passed a bill imposing the full Dingley rates upon its products. Here, again, the Taft Commission has strongly recommended a radical reduction on the sugar and tobacco as well as the hemp of these islands as essential to the prosperity of their people and to their peaceful acceptance of our rule.

If the highly protected trust interests of the United States are to prove sufficiently powerful with Congress to prevent concessions necessary to good government as well as dictated by humanity, then these interests are going to intensify the problems confronting us and ultimately impose an enormous further tax of blood and treasure upon the American people. Surely there must be enough wisdom and patriotism in the United States Senate to amend the ridiculous Philippines measure by cutting the Dingley duties at least in half on the products of the archipelago.

We have freed the Cubans from the tyrant yoke of Spain through a war inspired, as we have solemnly declared, by purely humanitarian motives. Spanish capital has, therefore, been withdrawn from the island, and owing to its unsettled status American capital has not been attracted in sufficient volume to replace it. As General Palma very temperately declared, this country has done only one-half its duty by the unhappy Cubans.

Set aside the tobacco growers of the Connecticut Valley and the Louisiana planters of sugar cane and the big industrial trusts concerned with these products, and let us do our full duty by the Cubans as well as by the Filipinos. We can not aspire to be a world power and to place our manufactures in every quarter of the globe and at the same time maintain an insurmountable fence around our own coasts.

---

#### MAKE CUBA SUGAR FREE.

[From the Weekly Statistical Sugar Trade Journal, October 24, 1901.]

The statistics given by us recently regarding the consumption of sugar appear to be of such general interest throughout the country that we repeat them again in this issue as follows:

The total consumption of sugar in the United States last year was 2,219,847 tons, and, based on the average increase of 6.34 per cent during the past nineteen years, the consumption this year should be 2,360,585 tons. Of this quantity, 1,000,000 tons in round figures will come from American sources, say Louisiana being able to produce 350,000 tons, United States beet factories 150,000, Hawaii 350,000, and Porto Rico 150,000, all being free of duty, leaving 1,365,585 tons to come from other sources and on which duty is paid. The average duty assessed is \$36 per ton, or a total of \$48,981,060. The price of all the sugar consumed, however, being enhanced to the extent of the duty of \$36 per ton or a total of \$84,981,060, it is evident that

\$36,000,000 additional is paid by the people in order to provide the Government with forty-nine millions for revenue, of which the Government is not now in need. If the duty is taken off Cuba sugar, the benefit of eighty-five millions goes to the people.

On October 8 the quotation for Cuba centrifugal sugar, 96 per cent test, free on board Cuba, was 1.96 cents per pound, and the duty on same amounted to 1.685 cents per pound, which is equivalent to 86 per cent ad valorem.

Porto Rico, under free duty, increased its crop this year one-fourth, and the following year should easily reach 150,000 tons.

---

**MAKE CUBA SUGAR FREE—DESTROY NO INDUSTRY.**

[From the Weekly Statistical Sugar Trade Journal, December 12, 1901.]

The heavy protection now granted to beet-sugar producers all goes to the manufacturers, who do not pay the farmers any more than is received by the farmers in Germany for beets. German factories produce refined sugar at a cost of less than 2½ cents per pound, exclusive of bounty, and American factories suitably located and ably managed should be able to do as well. American manufacturers have already demonstrated their ability to produce sugar at 3 cents per pound; therefore the heavy protection now granted is not needed, and the removal of duty on Cuban raw sugar will neither ruin the business of the beet-sugar manufacturers nor injuriously affect the farmer.

Sugar in Cuba is not produced by slaves or coolies, the laborers there being Cubans and the best class of Spanish farm hands or Americans.

No one is seeking to crush the beet sugar or the Louisiana sugar industry. That which is asked for is justice to all branches of our sugar industry and to the people, which everyone who looks at the matter broadly will admit that our Government is under moral obligations to grant.

---

[From the Statistical Sugar Trade Journal, December 26, 1901.]

The false position occupied by the beet-sugar industry and the "dog in the manger" policy of its action regarding Cuba can not be more forcibly shown than by an examination of our statistical review of the raw and refined sugar markets. A great hue and cry is made against the refining industry or sugar trust, and yet the average margin to cover cost of refining and profit for the past ten years has been but 0.879 cent per pound, while the margin between cost of producing beet granulated, say 0.280 cent per pound by Messrs. Oxnard-Cutting's statement in 1899, and the average price of granulated at the seaboard for ten years, say 4.675 cents per pound, shows a net average profit of 1.875 cents per pound plus the freight from the seaboard. On the average price of granulated in 1901, say 5.05 cents per pound, the beet-sugar manufacturers' profits on a cost of 2.80 cents per pound, would show 2¼ cents per pound, and even beet factories so badly located that they can not produce granulated at less than 4 cents per

pound have had a net profit of 1.05 cents per pound plus freight from the seaboard, which is at least three times the profit of the sugar trust.

We maintain that the industry does not need such enormous protection and that it is absolutely wrong by such protection to encourage the building of beet-sugar factories in locations where granulated sugar can not be produced at 3 cents per pound. In nearly every irrigation State this can now be done, and in some other States as well. The howl against the sugar trust is merely the outward cry made to cover the true inwardness of the beet-sugar conditions, as shown by Messrs. Oxnard & Cutting, in their letter giving the facts of the matter. Take off the duty from Cuba sugars, discourage the building of beet-sugar factories, unless upon a solid rock basis, with no competition to fear, and the country will be astonished at the wonderful progress this industry will make in the next ten years.

---

94 PER CENT AD VALOREM DUTY ON SUGAR.

[From the Weekly Statistical Sugar Trade Journal, January 9, 1902.]

On January 7, 1902, sales were made of 96° test centrifugal sugar in New York, at $3\frac{1}{8}$ cents per pound, duty paid, say.....	3. 5625
The duty is 1.685 cents per pound .....	1. 685
	<hr/>
	1. 8775
Freight and insurance from Cuba is.....	. 09
	<hr/>
Value, free on board, Cuba, cents per pound .....	1. 7875

The duty of 1.685 cents per pound on f. o. b. value of 1.7875 cents per pound is 94 per cent ad valorem.

The CHAIRMAN. I will hand to the reporter, to be printed in the record, a letter from the War Department.

The letter referred to is as follows:

WAR DEPARTMENT, OFFICE OF THE SECRETARY,  
DIVISION OF INSULAR AFFAIRS,  
*Washington, D. C., April 29, 1902.*

SIR: I have the honor to acknowledge the receipt of your request for information as to the number of Spaniards residing in Cuba who became Cuban citizens.

I placed the matter in the hands of Newton A. Woodson, of this division, who has prepared the statement herewith inclosed, which shows that 51.7 per cent of the inhabitants of Cuba of Spanish birth registered for the purpose of retaining Spanish nationality, leaving 48.3 per cent of the inhabitants of Cuba of Spanish birth who, under the provisions of the treaty of peace, would be considered as having elected to adopt the nationality of the territory in which they reside.

Very respectfully,

CHARLES E. MAGOON,  
*Acting Chief of Division.*

Hon. O. H. PLATT,  
*United States Senate.*

Province.	From Cuban census, 1899.		From General Wood's report.
	Total popula- tion.	Of Spanish birth.	Registered under pro- vision of treaty.
Habana .....	424,811	61,487	31,274
Matanzas .....	202,462	14,127	6,249
Pinar del Rio.....	173,082	10,254	5,284
Puerto Principe.....	88,237	3,595	1,586
Santa Clara.....	356,537	28,398	16,045
Santiago.....	327,716	11,379	6,431
Total for island.....	1,572,845	129,240	*66,869

\*Or 51.7 per cent of those of Spanish birth.

The data upon which the foregoing statement is based are the tables of population on pages 179 and 218 of the Report on the Census of Cuba, 1899, Lieut. Col. J. P. Sanger, Inspector-General, Director, printed at the Government Printing Office in 1900, and statement of the number of Spanish citizens registered, made by the secretary of state and government of Cuba on April 18, 1900, and forwarded to the War Department by the military governor of Cuba, General Wood, on April 21, 1900, a copy of which statement is hereto attached.

[Translation.]

SECRETARIA DE ESTADO Y GOBERNACION  
DE LA ISLA DE CUBA,  
*Habana, April 18, 1900.*

Maj. Gen. LEONARD WOOD,  
*Military Governor of this Island, Habana, Cuba.*

SIR: Pursuant to the request contained in your communication of yesterday's date I have the honor to inclose you herewith a tabulated statement of the Spaniards residents of Cuba who, having chosen to retain their nationality in accordance with Article IX of the treaty of Paris, have registered at this department and at the different municipal offices of this island.

As you will see by this schedule, the total number of registered Spaniards sums up 66,869, divided as follows:

In the province of—	
Pinar del Rio .....	5,284
Habana .....	31,274
Matanzas .....	6,249
Santa Clara .....	16,045
Puerto Principe .....	1,586
Santiago de Cuba.....	6,431
Total .....	66,869

The only returns yet to come are those belonging to the municipal office of Caney, the forwarding of which has been urgently requested.

There are being prepared in this department complete tabulated statistics by provinces, showing the degree of illiteracy, the civil status (whether married or single), and the number of the relatives of the registered persons, and who follow the nationality of the latter. This I will forward you as soon as completed.

Yours, respectfully,

DIEGO TAMAYO.

[First indorsement.]

HEADQUARTERS DIVISION OF CUBA,  
*Habana, April 21, 1900.*

Respectfully forwarded to the honorable the Secretary of War in compliance with his request of the 12th instant.

LEONARD WOOD,  
*Major-General, Commanding.*

The subcommittee (at 12.20 o'clock p. m.) adjourned, subject to the call of the chairman.

---

SUBCOMMITTEE OF THE COMMITTEE ON  
RELATIONS WITH CUBA, UNITED STATES SENATE,  
*Washington, D. C., May 13, 1902.*

The committee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

### TESTIMONY OF HUGH KELLY.

HUGH KELLY, having been first duly sworn by the chairman, testified as follows:

The CHAIRMAN. Where is your residence?

Mr. KELLY. In New York, sir.

The CHAIRMAN. Have you any business interests in Cuba?

Mr. KELLY. I have, sir.

The CHAIRMAN. State what they are.

Mr. KELLY. I am engaged in the general West India trade, in the purchase and shipment of American manufactured goods and supplies for use in Cuba and the importation of Cuban products generally, but principally sugar and molasses.

The CHAIRMAN. Are you engaged in producing sugar there?

Mr. KELLY. Yes, sir.

The CHAIRMAN. State who you are connected with and where your interests are.

Mr. KELLY. I am a stockholder and one of the directors of the Central Teresa Sugar Company, organized under the laws of the State of New Jersey and doing business near Manzanillo, in Cuba. I am a stockholder and director in the Chaparra Sugar Company, organized under the laws of the State of New Jersey and doing business at Chaparra, in Cuba. That is on the north side in the province of Santiago de Cuba, about 120 miles west of the east end of Cuba; that is, it is northwest of Santiago de Cuba, on the north side.

The CHAIRMAN. State where the Teresa estate is.

Mr. KELLY. The estate Teresa is near the city of Manzanillo, in the province of Santiago de Cuba.

The CHAIRMAN. Between what places? Is it on the southern coast?

Mr. KELLY. It is on the south side of Cuba.

Senator TELLER. Between Santiago and Cienfuegos, I think you said?

Mr. KELLY. Yes.

The CHAIRMAN. You were going to say something else.



Mr. KELLY. I am also a stockholder and director in the United Fruit Company, owning the Central Boston.

Senator TELLER. Central?

Mr. KELLY. Central is the name given to large factories in Cuba.

Senator TELLER. That is the general name for a large establishment?

Mr. KELLY. Yes, sir; it grew out of the fact that the factory drew cane from all around. Cane was sent in to a central point for manufacture, so that name is generally used for manufactories. The Central Boston is at Banés.

Senator TELLER. Where is that?

Mr. KELLY. In the province of Santiago de Cuba.

The CHAIRMAN. On the north side?

Mr. KELLY. Yes, sir; about 25 miles east of the city of Gibara.

The CHAIRMAN. Near Nipe Bay?

Mr. KELLY. It is between Gibara and Nipe Bay.

The CHAIRMAN. Who are some of your associates? I do not expect you to name all of your stockholders, but your associates at the Teresa plantation.

Mr. KELLY. There are only three interested in that concern. There is Mr. Franklin Farrell, of Ansonia, Conn., and Joseph Rigney, of New York.

The CHAIRMAN. And yourself?

Mr. KELLY. And myself; yes, sir.

The CHAIRMAN. Now the Chaparra?

Mr. KELLY. Of the Chaparra Sugar Company. I do not know all of the stockholders, but they are, largely, Hon. R. V. Hawley, of Galveston, James H. Post, of New York, John Farr, of New York, Messrs. Mollenhauer, of New York, Mr. Nathaniel Tooker, of New York, and others whom I do not recall now. I have given you the names of the directors largely. I do not know who the rest of the stockholders are.

Senator TELLER. These are the directors?

Mr. KELLY. Yes, sir.

The CHAIRMAN. And of the Central Boston—who are the principal persons interested in that?

Mr. KELLY. The Central Boston is the property of the United Fruit Company, of Boston, which was originally in the fruit business only in Cuba, owning a lot of land planted with bananas, and within the past three years they have devoted about 10,000 acres of that land to cane.

Senator TELLER. Since the war?

Mr. KELLY. Yes, sir.

The CHAIRMAN. Who is president of that company?

Mr. KELLY. Andrew W. Preston, of Boston.

The CHAIRMAN. Are they principally Boston people who are interested in it?

Mr. KELLY. The stock, I think, is very much scattered, Senator. I think it is to be found all over.

The CHAIRMAN. How long have you been in the Teresa plantation?

Mr. KELLY. Since the year 1886.

The CHAIRMAN. And in the Chaparra?

Mr. KELLY. Since 1900.

The CHAIRMAN. They were both in operation, then, before the war?

Mr. KELLY. The Chaparra was not; the Teresa was.

The CHAIRMAN. I thought you said you had been in the Chaparra since 1900.

Mr. KELLY. Since 1900; that is correct. The war was before that.

The CHAIRMAN. The Chaparra and Central Boston have been started since the war?

Senator TELLER. That is, as sugar properties?

Mr. KELLY. The Central Boston has been started since the war as a sugar property. They had been in the business of raising fruit there for a great many years, Senator, but as they abandoned land from bananas they planted cane, so as to retain their people and keep them employed.

Senator TELLER. As they abandoned it, did you say?

Mr. KELLY. As they abandoned land which had been used for bananas they planted it with cane.

The CHAIRMAN. Did you state where Chaparra is?

Mr. KELLY. Yes, sir; Chaparra is on the north side of Cuba, in the province of Santiago.

The CHAIRMAN. Is it on the coast?

Mr. KELLY. It is very near the coast. Their sugarhouse is three miles from the coast. It is on what is called Porto Padre Bay.

Senator TELLER. Mr. Hawley is interested in that, is he?

Mr. KELLY. Hawley is a stockholder in the Cuban-American Sugar Company; that is, he is alleged to be.

The CHAIRMAN. That is on a railroad between Matanzas and Cienfuegos, is it not?

Mr. KELLY. Yes, sir.

The CHAIRMAN. Inland?

Mr. KELLY. At a station called Pijuan.

The CHAIRMAN. Are you pretty familiar with the sugar situation in Cuba?

Mr. KELLY. Fairly so.

The CHAIRMAN. Is Mr. Havemeyer, of the American Sugar Refining Company, connected with any of these concerns in which you are interested?

Mr. KELLY. Not to my knowledge. He is not in the Teresa, because I know all about that, and I am quite certain he is not in the United Fruit Company.

Senator TELLER. But he is in the Chaparra?

Mr. KELLY. Of my own knowledge I do not know anything about the stockholders of that company.

Senator TELLER. He testified he was, so I presume we might as well admit he is.

Mr. KELLY. If he made the admission, there is hardly any need for my making it.

The CHAIRMAN. Will you state, as far as you know, what other people from the United States have sugar-producing stations there?

Mr. KELLY. Throughout the island, Senator?

The CHAIRMAN. Yes; so far as you know.

Mr. KELLY. Mr. E. F. Atkins, of Boston, has the estate Solidar, near Cienfuegos.

The CHAIRMAN. He has been there a long time, has he not?

Mr. KELLY. He has been there since, I think, 1883. He has been there nearly twenty years. Then there is the Trinidad Sugar Company, of Trinidad, Cuba.

The CHAIRMAN. Do you know who controls that?

Mr. KELLY. Oscar B. Stillman, of Boston and New York, is general manager of the place. I do not know who controls it.

Senator TELLER. You say of Boston and New York?

Mr. KELLY. Yes, sir.

The CHAIRMAN. Now, the next one.

Mr. KELLY. The Hormiguero Central Company.

The CHAIRMAN. Where is that?

Mr. KELLY. That is near Cienfuegos, also.

The CHAIRMAN. Do you know who are the managing men there?

Mr. KELLY. The managing man is a Cuban, Mr. Ponvert. He is very largely interested. He is the general manager, and I think one of the largest owners in the property. He is a Cuban. That company is organized under the laws of the State of New Jersey.

Senator TELLER. It is a New Jersey company?

Mr. KELLY. Yes; it is a New Jersey company.

Senator TELLER. You are only asking about Americans?

The CHAIRMAN. It is largely American capital, as you understand it?

Mr. KELLY. It is largely American capital; yes, sir. I want to refer to a list I have made here.

The CHAIRMAN. Certainly you may.

Senator TELLER. When you were before the House, did you give this list?

Mr. KELLY. I never gave a list of Americans interested in Cuba.

Senator TELLER. No; I do not think you did.

Mr. KELLY. No, sir. I am ready to go ahead now, Senator.

The CHAIRMAN. Go ahead.

Mr. KELLY. There is the Francisco Sugar Company, at Guayabal, Cuba, organized under the laws of the State of New Jersey. Guayabal is on the south side between Santa Cruz and Manzanillo. The Damuji Sugar Company, owning the estate Constancia, recently acquired under foreclosure proceedings and now in process of development by New Orleans capitalists.

The CHAIRMAN. By "recently," do you mean since the war?

Mr. KELLY. Within a year past, I think, it was acquired.

Senator TELLER. Under foreclosure?

Mr. KELLY. Under foreclosure proceedings; yes, sir.

The CHAIRMAN. That is an American company?

Mr. KELLY. Yes, sir. There is the Cape Cruz Company, now in process of development, near Cape Cruz, on the south side of Cuba, in the province of Santiago.

The CHAIRMAN. Are they producing sugar now?

Mr. KELLY. No, sir. They are just placing their contracts for the machinery in the United States.

Senator TELLER. They are not producing now?

Mr. KELLY. They will probably spend a million and a half in money in the United States before they raise a pound of sugar in Cuba.

The CHAIRMAN. That is American capital?

Mr. KELLY. Yes, sir; it is being promoted by Mr. Oscar B. Stillman.

Senator TELLER. Do you know where that is organized?

Mr. KELLY. I do not; no. I should imagine under the laws of the State of New Jersey, but I am not positive as to that.

Senator TELLER. It is safe to say it is, I guess.

Mr. KELLY. New York is quite as liberal now as New Jersey, you know.

Senator TELLER. It was not formerly.

The CHAIRMAN. The next?

Mr. KELLY. I think that is all, Senator, that I can recall.

The CHAIRMAN. Do you know how many you have given?

Mr. KELLY. Eight, I think.

The CHAIRMAN. As far as you are acquainted, you have given them all?

Mr. KELLY. I think so.

The CHAIRMAN. Do you know anything about the Spaniards who have estates there?

Mr. KELLY. Yes.

The CHAIRMAN. Give those estates as far as you know them.

Mr. KELLY. And yet it is very difficult, Senator, to say which are Spaniards and which are Cubans.

The CHAIRMAN. I suppose the distinction now there is whether they were born in Cuba or born in Spain?

Mr. KELLY. Yes; and one traveling in the island would hardly know as to that.

Senator TELLER. You can give us what you know about Spanish estates and we can pick them out, maybe, later.

The CHAIRMAN. Give them as far as you do know them.

Mr. KELLY. I would scarcely venture on that subject.

The CHAIRMAN. Are there many or few compared with the whole number?

Mr. KELLY. My impression is that they are few, because many of those who were Spanish subjects up to the time of the American occupation have since declared themselves to be Cubans, have chosen to be Cubans, I think. Am I correct in that, Mr. Rionda, do you think?

Mr. RIONDA. I think so.

Mr. KELLY. It would be a very difficult matter for me to testify on that subject and be sure of my ground, because I know that in many cases men who were very loyal Spaniards have since declared their intention to become citizens of Cuba or have registered themselves as Cuban citizens.

Senator TELLER. You say you do not care to go into it?

Mr. KELLY. I do not see how I could with any degree of confidence, Senator.

Senator TELLER. Because you can not distinguish between those who have taken citizenship and those who have not?

Mr. KELLY. I have no means of knowing.

The CHAIRMAN. You said something about machinery. Where does the machinery come from, generally, to put up a mill or central?

Mr. KELLY. Well, I have built one entirely during the past three years, and every dollar's worth of stuff that went into that establishment came from the United States.

Senator TELLER. Do you mean you built one of your own?

Mr. KELLY. No, sir; I designed and built the Central, Boston.

Senator TELLER. That is the one you refer to?

Mr. KELLY. Yes, sir. I think it is safe to say that 95 per cent of the entire amount of money spent upon the central Chaparra was spent in the United States for machinery and equipment.

The CHAIRMAN. Where did you get the machinery for the Teresa?

Mr. KELLY. Every dollar's worth of it in the United States, sir. I think the Francisco Sugar Company, which is just working for the first time this year, is one of the new establishments. I think it is safe to say every dollar's worth of machinery and buildings in that establishment came from the United States.

The CHAIRMAN. What is the general rule there? Who else furnishes machinery there except the United States?

Mr. KELLY. Just now very few people except those who manufacture specialties, and the number of those specialties is very rapidly being reduced abroad. I do not know of anything that has been taken from Europe to Cuba lately in the machinery line for sugar manufacture except a species of filter made in Germany, under patents, and the value of those filters would not constitute 2 per cent of the cost of the whole equipment.

The CHAIRMAN. Do you know, generally, the capacity of these establishments which you have given?

Mr. KELLY. In a general way I do; yes. The Chaparra house is of a capacity to grind 3,000 tons of cane per day.

Senator TELLER. You had better give the capacity in tons of sugar, if you can.

Mr. KELLY. I can do that just as easily, sir. The Chaparra house is of capacity to make 300 tons of sugar per day. The Francisco house, I should say, is of a capacity to make 120 tons of sugar per day. The Boston is of a capacity to make 180 tons per day. Those are the three new enterprises that are in operation since the war. That is what you refer to, is it, Senator?

Senator TELLER. The Teresa—how much is that?

Mr. KELLY. The Teresa is of a capacity to make 120 tons.

The CHAIRMAN. Do you know about the others you have given?

Mr. KELLY. The Solidaridad, say, about 100 tons.

Senator TELLER. I do not think you gave us that before, did you?

The CHAIRMAN. Yes; that is Atkins's.

Mr. KELLY. The Trinidad house, 100 tons; the Cuban-American, 120 tons.

Senator TELLER. You are giving now the present capacity?

Mr. KELLY. I am giving their maximum grinding capacity, based upon the milling outfit which they have to-day.

Senator TELLER. Go ahead.

Mr. KELLY. The Damuji Sugar Company, 150 tons; the Cape Cruz house—it will not be in operation for eighteen months yet—will be of a capacity of 120 tons.

The CHAIRMAN. That does not give the yearly capacity?

Senator TELLER. No; but you can get that by getting from him the number of days.

Mr. KELLY. You can multiply that by 100 in each case. There are about 100 working days in the crop, and about 10 per cent of sugar is extracted from the cane.

Senator TELLER. This is the tons of sugar?

Mr. KELLY. Yes, sir; the daily capacity to make sugar in tons.

Senator TELLER. If they are running at full capacity they produce that?

Mr. KELLY. That is all they make; yes, sir.

Senator TELLER. I notice in this testimony before the House Com-

mittee on Ways and Means that the statement seems to be 120 days a season.

Mr. KELLY. Well, whatever it happens to be. That depends very largely on the weather. One can never fix that.

Senator TELLER. Are these all now that you care to give?

Mr. KELLY. Those are all I have any knowledge of, Senator.

Senator TELLER. How about the Constancia?

Mr. KELLY. You put that down as Damuji, because that is the new name of the company.

Senator TELLER. That is one, I believe, Havemeyer said he is interested in.

Mr. KELLY. I do not think he is. I think it is safe to venture the assertion that he is not interested one cent's worth in that concern.

Senator TELLER. Maybe I have it confused with some other. He said he was interested in three concerns, and the Chaparra is the only one that I recall that you have down here.

Mr. KELLY. Mr. Havemeyer has been backing Mr. Stillman. I would not be at all surprised, then, if Mr. Havemeyer is interested in Trinidad and Cape Cruz.

Senator TELLER. He said he was not in Trinidad, I am quite sure. He did not say anything about Cape Cruz.

Mr. KELLY. They are not grinding cane there, and will not be for two years yet.

Senator TELLER. I understood him to give only those which are now grinding.

Mr. KELLY. I think that is all the interest he is likely to have.

Senator TELLER. I know he was in three, anyway. He was in with Hawley, though.

The CHAIRMAN. Do you know, generally, how many sugar mills there are in Cuba?

Mr. KELLY. I think about 175. I think Mr. Rionda is a better authority on that subject than I am. I think about 175 to 180—somewhere along there. I can not say positively.

Senator TELLER. General Wood said there were 194.

Mr. KELLY. He would know better than I would, of course. He has taken exact figures on the subject.

The CHAIRMAN. What proportion of the sugar of Cuba do you think these American concerns produced?

Mr. KELLY. I have given you the maximum capacity of these concerns to put out sugar. No one of them has ever put out any such capacity as we have here.

Senator TELLER. You are giving the capacity?

Mr. KELLY. The maximum capacity to make sugar. I have given the Francisco 120 tons. I do not think the Francisco has ever made over 60 tons of sugar yet in a day, because they have not the organization; but I base my estimate upon the grinding capacity.

Senator TELLER. It is probably true with regard to those that they do not produce up to their capacity?

Mr. KELLY. They do not.

Senator TELLER. When you are giving capacity you should give what has been their production.

Mr. KELLY. What they are actually making?

Senator TELLER. Yes. You might as well do it right here as on cross-examination.



Mr. KELLY. Yes, sir; I will put it right here. I should say, as they are working now, they make 84,000 tons of sugar per annum in one hundred working days, or about 10 per cent of the crop of sugar in Cuba this year.

The CHAIRMAN. You are making the sugar crop 840,000 tons?

Mr. KELLY. No; I should say approximately that.

The CHAIRMAN. It would be less than 10 per cent if the sugar crop is 750,000 tons.

Mr. KELLY. It would be a little more than 10 per cent.

The CHAIRMAN. Yes; so it would.

Mr. KELLY. But the estimated crop of sugar for the year has been put as high as 850,000 tons.

Senator TELLER. It does not seem to be that now.

The CHAIRMAN. Suppose there should be a reduction of the tariff on Cuban sugar, who in your opinion would get the benefit of that reduction?

Mr. KELLY. Why, the people who grow the cane in Cuba, Senator.

The CHAIRMAN. Not primarily, would they?

Mr. KELLY. Primarily; yes, sir.

The CHAIRMAN. Who do you mean by the people who grow the cane?

Mr. KELLY. Why, the small tenant farmers all over the island whose contracts for the delivery of that cane are based on the value of sugar in Cuba.

Senator TELLER. That cane is sold, you mean, on that basis?

Mr. KELLY. Yes, sir.

The CHAIRMAN. You mean to say they would get more for their cane?

Mr. KELLY. Certainly.

The CHAIRMAN. As they deliver it at the mill?

Mr. KELLY. Yes, sir.

The CHAIRMAN. Would they get it all? Would the producer get any of it?

Mr. KELLY. Those producers who own their own cane would. You mean the manufacturer?

The CHAIRMAN. Yes.

Mr. KELLY. Those manufacturers who own their own cane would.

The CHAIRMAN. Would the manufacturers who simply have a mill and buy the cane have to give it all to the men who bring it in?

Mr. KELLY. Every dollar's worth of it would go to the cane farmer. A concrete example of that is to be found at Porto Rico now. Cane in Porto Rico is worth three times as much as it is in Cuba to-day.

The CHAIRMAN. Is that a fixed ratio that the man who grows the cane gets—a fixed ratio to the value of the sugar?

Mr. KELLY. It depends altogether upon the value of the competition for cane by the large factories. The price paid by the manufacturers to the farmer for cane is generally a percentage of the weight of the cane in sugar, and I think an average would be about 5 per cent of the weight of the cane in sugar. In other words, if a farmer brings to the miller 2,000 pounds of cane he gets 5 per cent of the weight of that 2,000 pounds, or 100 pounds of sugar, and he can take either the sugar or its value in money for his cane. That is the condition, I think, with respect to at least 80 per cent of the sugar that is made in Cuba.

The CHAIRMAN. My question was this: Whether that is a fixed ratio or whether it varies from year to year?

Mr. KELLY. No; the ratio is generally fixed, but it is varied by the competition among the manufacturers for cane. You take it in the district of Cienfuegos, for example, and at Matanzas, where there are many large establishments. There is quite an active competition for the cane, and some of these factories grind cane that comes from a distance of 50 and 60 and 70 miles by the railroad. They go out in the fall and make their contracts for cane, and the farmer sits up and takes bids, and sells his cane to the manufacturer who will pay him the highest price. In the newer districts, where the competition of factories is not keen, the rate would be as low as  $4\frac{1}{2}$  per cent, but I have seen in the Cienfuegos district as high as 7 per cent paid for cane. In other words, the farmer will get for 2,000 pounds of cane delivered on the railroad cars of the factory 140 pounds of sugar.

The CHAIRMAN. The firms who own both the mill and the plantation and raise their own cane would get the benefit of it?

Mr. KELLY. They would, sir.

The CHAIRMAN. How about the laborers; would they get anything?

Mr. KELLY. They would. That would grow, I suppose, out of the natural question of supply and demand of labor, as to whether they would get anything or not, but I would like to state to you, Senators, I am almost positive there are not five houses in Cuba who are in that position, who grow the cane and manufacture the sugar at the same time.

Senator TELLER. That is, who grow all of their cane?

Mr. KELLY. Who grow all of their cane.

Senator TELLER. All of these people grow some, do they not?

Mr. KELLY. Some do not. Some may grow a little cane, but I think there are some factories that depend altogether on outside cane for their output.

Senator TELLER. If you can, I wish you would give it to us, because I shall have to ask you about it later.

Mr. KELLY. Give you what, sir?

Senator TELLER. The names of these companies that do not raise any cane, but depend entirely upon outside cane—cane raised by other people.

Mr. KELLY. There is the San Ramon estate, for instance, at Manzanillo. I think they buy every stick of cane that they grind.

Senator TELLER. Is that an American concern?

Mr. KELLY. No, sir.

Senator TELLER. What is it?

Mr. KELLY. That is a Cuban establishment.

Senator TELLER. Cuban or Spanish?

Mr. KELLY. It is a stock company formed under the laws of Cuba.

The CHAIRMAN. You said you thought most of them were in that way?

Mr. KELLY. No; not most of them. I say there are some who do not grow any of their own cane. It is customary for some of these large places where they own land to let the land out to tenant farmers, who are called colons or colonists in Cuba, and those colonists grow the cane under a contract to deliver it at the mill at such fixed price as I have related to you; and I think there are very many places in Cuba which are established in that way, where the ownership of the cane is in the tenant farmer.

The CHAIRMAN. What is the Terry plantation; the Caracas?

Mr. KELLY. The Caracas.

The CHAIRMAN. How is that?

Mr. KELLY. Whether they own any of their own cane or not I am not prepared to say, but I do know that they grind a great deal of cane under the conditions I have just described to you.

The CHAIRMAN. My recollection is they said that was the way they managed their plantation.

Mr. KELLY. Yes, sir; and even where they own land. The Hormiguero make 500 bags of sugar a day.

Senator TELLER. What do you call that?

Mr. KELLY. Hormiguero.

Senator TELLER. I haven't that here at all.

Mr. KELLY. You will find it in the other list. I gave it as one of the American concerns.

Senator TELLER. You did not give me the output there, did you?

Mr. KELLY. Yes, sir.

Senator TELLER. Here it is. How is it spelled?

Mr. KELLY. H-o-r-m-i-g-u-e-r-o.

Senator TELLER. You say that is 500 bags?

Mr. KELLY. That is about 80 tons a day, say.

Senator TELLER. Is that the capacity you want to give me?

Mr. KELLY. I think its maximum capacity would be 100 tons.

The CHAIRMAN. What is the reason that the American refiners could not put just such a price as they choose onto the sugar from Cuba and so get the benefit of any reduction themselves?

Mr. KELLY. Because the Cubans themselves have something to say about that. It takes two to make a bargain.

The CHAIRMAN. Then I will put it the other way: Do you think it is possible for the refiners in the United States to control the price of sugar in Cuba if a reduction is made in the duty?

Mr. KELLY. I do not.

The CHAIRMAN. How long have you been familiar with the sugar business in Cuba?

Mr. KELLY. As boy and man, for over thirty years.

Senator TELLER. What was your first connection with the sugar business; in what capacity?

Mr. KELLY. As an office boy in an establishment in New York having large relations with Cuba.

Senator TELLER. When did you first go into business for yourself?

Mr. KELLY. In 1883—nineteen years ago.

Senator TELLER. What was your relation then to the sugar production in Cuba?

Mr. KELLY. Practically no relation at all. I was engaged then in the purchase and shipment of American manufactured goods to Cuba and to the other West India Islands.

Senator TELLER. What was the character of the goods?

Mr. KELLY. Machinery, supplies, general provisions. I sat in New York and received orders from the West Indies for American manufactured goods and provisions of every kind, bought them and shipped them for a commission.

Senator TELLER. Are you still at that?

Mr. KELLY. Well, I have confined myself very largely now to the sugar business and allied interests, like the purchase and shipment of sugar machinery and buildings, railway supplies, rails, locomotives, and cars.

Senator TELLER. Were you doing that before the war?

Mr. KELLY. I was.

Senator TELLER. Do you manufacture this sugar machinery?

Mr. KELLY. Not one dollar's worth.

Senator TELLER. You buy it?

Mr. KELLY. I buy it; yes, sir.

Senator TELLER. Where do you buy it?

Mr. KELLY. Wherever I can buy it to the best advantage.

Senator TELLER. Is it American machinery?

Mr. KELLY. Every dollar's worth.

Senator TELLER. Has it always been so?

Mr. KELLY. It has always been so. Any machinery I could buy in the United States I bought here.

Senator TELLER. Did you ever buy any outside and ship it there? Did you ever buy French machinery?

Mr. KELLY. I never bought a dollar's worth of French machinery.

Senator TELLER. English?

Mr. KELLY. No, sir; nor English. I have bought German filters of a type that is not made in this country, but the value of those filters would not amount to 2 per cent or 1 per cent of the entire value of an equipment that was being put in. They were bought there only because we could not get them in the United States.

Senator TELLER. Have you been furnishing these concerns you mention with machinery?

Mr. KELLY. Some of them; not all of them. My relations in that line have been only with the Central Teresa Sugar Company and with the Central Boston, at Banos.

Senator TELLER. That is the fruit company?

Mr. KELLY. That is the fruit company; yes, sir.

Senator TELLER. Have you furnished any companies that you have not mentioned?

Mr. KELLY. That I have not mentioned?

Senator TELLER. Yes, sir.

Mr. KELLY. None.

Senator TELLER. That is all you have furnished, those you have mentioned?

Mr. KELLY. Yes, sir; that is, in Cuba.

Senator TELLER. Yes; in Cuba, I am talking about, or furnished them here for Cuba?

Mr. KELLY. That is right. I did not want you to understand my business was confined to merely those places. I have business relations in San Domingo, Porto Rico, and other places; but in Cuba those are the only houses with which I have had that relation.

Senator TELLER. I do not want anything except Cuba. When did you go into the Central Teresa Sugar Company?

Mr. KELLY. In May, 1886.

Senator TELLER. What is the capital of that company?

Mr. KELLY. The capital of the company is a nominal one—\$300,000.

Senator TELLER. Explain what you mean by that.

Mr. KELLY. I mean that the company was started as a general partnership, and in the year 1895 or 1896 we obtained a charter under the laws of the State of New Jersey for incorporating the business. The reason was that in the event of the death of either of the parties the business would not have to stop. We changed it from a copartnership to a corporate form for that purpose.

Senator TELLER. Do you mean to say, then, that the value of the property was more than \$300,000?

Mr. KELLY. I do. There is a bonded indebtedness on the property of \$750,000.

The CHAIRMAN. What is the investment?

Mr. KELLY. I should say the investment is a million and a half.

Senator TELLER. What does it consist of?

Mr. KELLY. Machinery, buildings, the wharf, a complete equipment for making sugar, for grinding about 120 tons of sugar cane a day, and the land upon which it is growing.

Senator TELLER. How much land have you?

Mr. KELLY. About 9,000 acres in all.

Senator TELLER. Recently purchased?

Mr. KELLY. That has all been acquired prior to ten years ago.

Senator TELLER. Nine thousand acres?

Mr. KELLY. Yes, sir.

Senator TELLER. Have you purchased any lately?

Mr. KELLY. Not an acre.

Senator TELLER. You are a director?

Mr. KELLY. Yes, sir; I am a director.

Senator TELLER. Who are the other directors? I think you gave them.

Mr. KELLY. I gave you the names of the three stockholders, and they are the directors. It is the original copartnership turned into a corporation.

Senator TELLER. Where do you say Mr. Farrell lives?

Mr. KELLY. In Ansonia, Conn.

Senator TELLER. You have been raising cane on your lands—I am speaking now of the Central Teresa—and making sugar?

Mr. KELLY. Yes, sir.

Senator TELLER. What has been your capacity heretofore?

Mr. KELLY. The capacity to make sugar?

Senator TELLER. Yes, sir.

Mr. KELLY. Per annum or per day?

Senator TELLER. Per day.

Mr. KELLY. Based upon 100 working days per annum, I should say about 500 bags per day. Our establishment has been changed in no wise in its capacity to produce sugar in twelve years. It is no larger to-day than it was twelve years ago.

Senator TELLER. I wish you would put that in tons, because we have been dealing with tons.

Mr. KELLY. Say a maximum capacity of 120 tons per day, with a daily average output of about 80 tons.

Senator TELLER. Do you know what you have made this last year?

Mr. KELLY. Do you mean the year just closed?

Senator TELLER. Yes; 1901.

Mr. KELLY. We made about 37,000 bags of sugar, or, in tons, 5,500 tons.

Senator BURNHAM. Seven bags to a ton?

Mr. KELLY. About that. They run 320 pounds to a bag. For a hasty calculation, if you have the number of tons of cane per day you can divide it by 10 for the number of tons of sugar.

Senator TELLER. One thousand tons of cane will make 100 tons of sugar?

Mr. KELLY. Yes.

Senator BURNHAM. That is approximately right, I suppose?

Mr. KELLY. Yes; for purposes of this kind it is sufficient.

Senator TELLER. How long have you been connected with the United Fruit Company of New Jersey?

Mr. KELLY. I was employed by them to design and build their factory in the year 1899, and after my relations with them in that capacity had ceased they elected me a director of the company.

Senator TELLER. You are a stockholder?

Mr. KELLY. I am a stockholder and director. I could not be a director without being a stockholder.

Mr. TELLER. What is the capital stock of that company?

Mr. KELLY. The capital stock of that company is \$12,000,000 and a bonded indebtedness of three millions, but it might be well to add, Senator, that that twelve million is distributed all over the West Indies. By far the larger part of it is in Jamaica. They have very large investments in Jamaica in bananas and fruit, large investments in Santo Domingo, very large investments in Colombia and in Central America as well as in their respective American divisions.

Senator TELLER. They are now about to increase their capacity very largely, I understand.

Mr. KELLY. Not any more so than it is at present. There is no indication whatever that they will.

Senator TELLER. Have they not proposed to build a very large central?

Mr. KELLY. If they have I do not know anything about it, and I am one of the directors of the company.

Senator TELLER. I understood they were to build a large new factory. That is what I understood.

Mr. KELLY. I do not think there is any room at Banes for a new factory, sir.

Senator TELLER. Why?

Mr. KELLY. Because they are the only ones at Banes.

Senator TELLER. You think they have not bought, then, any new land?

Mr. KELLY. I know that the United Fruit Company has not bought any new land.

Senator TELLER. Then my informant was simply mistaken. He assured me they had.

Mr. KELLY. You are speaking now of the United Fruit Company?

Senator TELLER. The United Fruit Company; yes, sir.

Mr. KELLY. I know that the United Fruit Company has not bought any new land in Cuba; at least, not within the past year and a half.

Senator TELLER. Mr. Kelly, are you pretty sure you have given us all the American concerns you know of?

Mr. KELLY. I am quite certain as to my ground; yes, sir. I am quite certain that there are no others except those I have named—I mean that are strictly American.

Senator TELLER. What do you mean by that—"that are strictly American?"

Mr. KELLY. That are made up of American stockholders and Americans altogether.

Senator TELLER. Can you give me any that are not strictly American?



Mr. KELLY. There are quite a number of other sugar estates in Cuba.

Senator TELLER. They are part American, then?

Mr. KELLY. I do not know that they are, but I am speaking now of things I know positively about. I have named eight or nine sugar estates that I know are owned and controlled by Americans. As to the other 175 sugar estates, I am not certain. I would not like to go on record as saying there are no Americans in them.

Senator TELLER. I suppose there are a great many more places than that producing cane?

Mr. KELLY. I am speaking of factories.

Senator TELLER. There are 194 according to General Wood, and perhaps more. He said he had consulted 194 and had got returns from 164.

Mr. KELLY. I think that is likely to be the full number.

The CHAIRMAN. He sent telegrams to 194 and got returns from 164.

Mr. KELLY. That is likely to be the full number of sugar factories in Cuba, then.

Senator TELLER. That would include Americans and everything else?

Mr. KELLY. Everything; of all kinds.

Senator TELLER. What do you know about the English ownership down there, especially up on the eastern end of the island?

Mr. KELLY. There is one English family at Santiago, the Brooks family, who are quite largely interested in that district.

Senator TELLER. Do you know what their capacity is?

Mr. KELLY. I think I should be quite safe in saying that their entire outfit is of a capacity to make 250 tons of sugar per day.

Senator TELLER. Two hundred and fifty?

Mr. KELLY. I should think I am safe in that statement.

Senator TELLER. They have a large tract of land, have they not?

Mr. KELLY. Where?

Senator TELLER. Somewhere around their factory.

The CHAIRMAN. El Senado and El Congresso?

Mr. KELLY. No; El Senado belongs to the Sanchez Brothers, on the north side of Cuba. I can give you the name of Mr. Santiago McKinley, who owns one sugar factory in the Guantanamo district.

The CHAIRMAN. What is he; an Englishman?

Mr. KELLY. Yes, sir. He is since dead; he died within the past year or so.

The CHAIRMAN. Do you know the name of it?

Mr. KELLY. Yes; the Romoli. His name is James McKinley, or Santiago McKinley.

Senator TELLER. I have his name. I did not know he was dead.

Mr. KELLY. He died quite recently—within several months past.

Senator TELLER. I want to go back to the Brookes; how many are there of the Brookes now?

Mr. KELLY. My impression is there are two brothers, Ernest and Paul; that is, of the elder generation.

Senator TELLER. That is an old concern?

Mr. KELLY. That is a very old concern in Cuba; yes, sir.

Senator TELLER. It has been there a long time?

Mr. KELLY. It is very old; yes. Then there is one other British interest in Cuba that I recall now. That is the firm of Beattie & Co., at Manzanillo. They are British subjects.

Senator TELLER. Are they owners of land or only manufacturers?

Mr. KELLY. They are owners of a factory and of land both.

The CHAIRMAN. Are they Americans or Englishmen?

Mr. KELLY. They are British subjects—Beattie & Co., Manzanillo. The name of their estate is the Central Isabel.

Senator TELLER. Does your list give the extent of the estate there?

The CHAIRMAN. No.

Senator TELLER. Have you any idea of the amount of their holdings there, Mr. Kelly?

Mr. KELLY. I have not.

Senator TELLER. But it is quite a large holding?

Mr. KELLY. I have a general idea of the size of their factory, their capacity to grind cane, but that is all.

Senator TELLER. What do you say about the capacity to grind cane?

Mr. KELLY. Which factory—Beattie's?

Senator TELLER. You have given me Brooks's, I think, have you not?

Mr. KELLY. If I could see the list of their factories, I could tell you. I have told you, I think, their total output might be 250 tons of sugar a day.

Senator TELLER. That is Brooks's?

Mr. KELLY. That is Brooks's; yes; that means 2,500 tons of cane.

Senator TELLER. How about Beattie's?

Mr. KELLY. I should imagine Beattie's capacity would reach 125 tons of sugar per day.

Senator TELLER. One hundred and twenty-five tons?

Mr. KELLY. One hundred and twenty-five tons. That is my notion about it.

Senator TELLER. And Brooks 250 tons?

Mr. KELLY. I should think so. I hope these gentlemen will not think I am derogating their properties if the capacity is greater or inflating them if it is smaller, but that is my notion of what they can put out of those houses.

Senator TELLER. Do you recall any other now? Any other Englishman, I mean.

Mr. KELLY. There is no other that I know of, Senator. There is no other, I think.

Senator TELLER. Mr. Preston, you said, was the president of this company?

Mr. KELLY. Of the United Fruit Company; yes, sir.

Senator TELLER. Can you give me his address?

Mr. KELLY. No. 60 State street, Boston.

Senator TELLER. Can you give me the address of the vice-president?

Mr. KELLY. He is at San Jose, Costa Rica. He will not be back for several months yet.

Senator TELLER. Mr. Hubbard, the treasurer—is he in Boston?

Mr. KELLY. He is in Boston.

Senator TELLER. Is he at the same address, 60 State street?

Mr. KELLY. Yes. Those are the general offices.

Senator TELLER. Those are the general offices of the company? Any of those people could be reached at that point?

Mr. KELLY. Yes, sir.

Senator TELLER. Do you know Mr. T. Jefferson Coolidge, jr.?

Mr. KELLY. I do, sir. He is one of the directors of the United Fruit Company.

Senator TELLER. Is his address supposed to be the same?

Mr. KELLY. No, sir. He is the president of the Old Colony Trust Company, of Boston.

Senator TELLER. Could you give me his address?

Mr. KELLY. That will reach him—President of the Old Colony Trust Company, of Boston.

Senator TELLER. Do you know whether he is interested in any sugar estates down there himself?

Mr. KELLY. He is one of the stockholders and directors of the United Fruit Company.

Senator TELLER. I mean as an individual.

Mr. KELLY. I think not. Outside of the United Fruit Company's interest, I do not think he is.

Senator TELLER. Do you know whether any of these other gentlemen who are in the United Fruit Company are interested individually?

Mr. KELLY. In what?

Senator TELLER. Outside of their interests in the fruit company, in sugar estates in Cuba.

Mr. KELLY. Of course I do not know positively. I feel safe in saying they are not.

The CHAIRMAN. Whether they have bought sugar lands, I suppose you mean?

Senator TELLER. Whether they have bought sugar lands.

Mr. KELLY. That I do not know.

Senator TELLER. There has been a good deal of sugar land bought down there recently by Americans, has there not?

Mr. KELLY. There has been a good deal of talk about it, Senator. It has not always materialized in business. It is almost impossible to get an option on land in Cuba now. People say they have been fooled so much by people coming down there to buy land and they have not done anything.

Senator TELLER. If you want to buy it, you can buy it, can you not?

Mr. KELLY. Yes; but you can not get an option for any length of time. I have had an experience in that line recently myself.

Senator TELLER. What do you mean by getting an option?

Mr. KELLY. Getting a refusal.

Senator TELLER. At a price to be paid?

Mr. KELLY. At a price to be determined later on whether you want to take it or not.

Senator TELLER. What is sugar land worth down there now?

Mr. KELLY. It will depend very largely on where it is and how badly the owner wants to sell it. Virgin timber land, standing in timber, which is good for sugar cane, might be worth, say, \$30 an acre—anywhere from \$10 to \$30 an acre, depending on where it is.

Senator TELLER. You have been down there a good deal, have you not?

Mr. KELLY. Quite a good deal; yes, sir.

The CHAIRMAN. You are not interested with Van Horn?

Mr. KELLY. No, sir; I have no interest whatever with him.

Senator TELLER. Have you bought any sugar lands?

Mr. KELLY. Not an acre.

Senator TELLER. I would like to know this for my own information: What proportion of the land in Cuba is sugar land?

Mr. KELLY. That would be hard to say.

Senator TELLER. What is the difference between sugar land and other land? When you go down there to buy sugar land, what do you look for?

Mr. KELLY. You look for the depth and character of the soil, and more than anything else, its location.

Senator TELLER. That is, to get it nearer the coast?

Mr. KELLY. To get it near the coast, for shipping facilities and all that. Then you want to be where you can insure yourself an abundant supply of fresh water, and there are a great many other conditions that make land desirable in Cuba.

Senator TELLER. There is plenty of water in Cuba, is there not?

Mr. KELLY. Not always.

The CHAIRMAN. Not up on the backbone.

Mr. KELLY. Not always. You would be surprised to know how often a field of cane will wither and die for want of water.

Senator TELLER. They do not irrigate there, do they?

Mr. KELLY. No, sir.

Senator TELLER. Could they, if they should try?

Mr. KELLY. I presume they could, at very great expense. That is out of the question just now.

Senator TELLER. You spoke of Mr. Franklin Farrell?

Mr. KELLY. Yes, sir.

Senator TELLER. He is engaged in some other business?

Mr. KELLY. Yes, sir; he is a manufacturer of machinery in Connecticut.

Senator TELLER. But he sells down there largely?

Mr. KELLY. He sells all over the world.

The CHAIRMAN. Any sugar machinery?

Mr. KELLY. Oh, no. Their chief business is the manufacture of chilled rollers for grinding wheat, and you will find their wheat rolls and paper rolls and rubber rolls all over the world. You will find them in Japan; you will find them in Russia; you will find them everywhere.

The CHAIRMAN. He is largely interested in copper, too.

Mr. KELLY. Yes.

Senator TELLER. Has the production of sugar been profitable down there?

Mr. KELLY. Not latterly, Senator.

Senator TELLER. How was it two years ago?

Mr. KELLY. It was not profitable.

Senator TELLER. How was it last year—I mean in 1900?

Mr. KELLY. It was not profitable.

Senator TELLER. I notice, in looking over your testimony before the House committee, you speak of labor. What do you say you pay for labor down there?

Mr. KELLY. Labor will average to cost us in that part of Cuba more than \$1 per day in United States gold.

Senator TELLER. Do you hire them altogether by the day or by the month?

Mr. KELLY. We hire them mostly by the day.

Senator TELLER. If you hire them by the month, what do you pay them?

Mr. KELLY. It makes no difference.

Senator TELLER. It would cost you a dollar a day anyhow?

Mr. KELLY. Just the same.

Senator TELLER. I see you said \$30 per month?

Mr. KELLY. Yes, sir.

Senator TELLER. And they board themselves?

Mr. KELLY. They board themselves; yes, sir.

Senator TELLER. What is the character of the labor down there?

Mr. KELLY. Fairly good.

The CHAIRMAN. Do you mean as to nationality?

Mr. KELLY. You mean the unskilled labor, do you—the roustabout labor?

Senator TELLER. Yes; generally. Is it Cuban, Spaniard, or what?

Mr. KELLY. They are all sorts. There are Cubans—the native Cubans—the Spaniards, the Canary Islander, and some Filipinos.

Senator TELLER. Are there some Filipinos there?

Mr. KELLY. A few. We have two or three on the Teresa.

Senator TELLER. What do you know about Mr. Van Horn's establishment over there?

Mr. KELLY. Nothing at all, sir, except from hearsay.

Senator TELLER. You do not know any Americans connected with him?

Mr. KELLY. Only as I have read of it in the papers. I have read that Hon. Chauncey M. Depew, John Jacob Astor, and Thomas F. Ryan, and men of that ilk are interested with him.

The CHAIRMAN. Whitney?

Mr. KELLY. Whitney. He is interested, and one of the Vanderbilts. Of course, it has taken a great deal of capital to do the amount of work they have done there, and do it so quickly.

Senator TELLER. What do you understand they are doing down there?

Mr. KELLY. I understand they are building a railroad from Santa Clara to Santiago.

Senator TELLER. Clear across the island?

Mr. KELLY. No; lengthwise of the island.

Senator TELLER. Where do they come out; at what port?

Mr. KELLY. When the railroad is finished it will make practically a through route from Habana, on the west, to Santiago de Cuba, on the east.

The CHAIRMAN. Nipe Bay?

Mr. KELLY. Nipe Bay will be the terminus of a branch.

Senator TELLER. What port is the main line to strike in the east end there?

Mr. KELLY. I should say Santiago de Cuba. You see there are a number of existing short lines running from the coast up to points in the interior, but there has never been a railroad running the length of the island east and west, so Sir William Van Horn and his associates

have gone in at Santa Clara, at the west end, and built a railroad down through the center of Cuba, connecting with these various short lines.

Senator TELLER. Have they secured any of these various short lines?

Mr. KELLY. I do not know.

Senator TELLER. What is the length of his line?

Mr. KELLY. The distance from Santa Clara to Santiago I should expect would be about 400 miles.

Senator TELLER. It is more than that.

Mr. KELLY. Then I should like to correct my statement in that regard. It may be 500 miles. The island is only 700 miles long, and I lopped off 300 miles for the west end.

Senator TELLER. Perhaps that is right.

Mr. KELLY. It would seem to me about 400 miles would cover it.

Senator TELLER. What do you know about the company that has been organized, not to build the road, but by the same people to purchase land and build sugar plantations?

Mr. KELLY. I know nothing whatever about it, sir.

Senator TELLER. Do you know anything about what land is proposed to be purchased?

Mr. KELLY. Absolutely nothing. I am not in their confidence and have no business relations with them in any way. The extent of my acquaintance with Sir William Van Horn is simply to have traveled with him once or twice on steamers on the south side of Cuba.

Senator TELLER. Are you connected in any way with the refining of sugar in the United States?

Mr. KELLY. I am not, sir; either directly or indirectly.

Senator TELLER. You have given us all the connection you have with the industry of sugar making in Cuba?

Mr. KELLY. I have, sir.

Senator TELLER. You say you think if we should reduce the duty 20 per cent the people who raise the cane would get the benefit of all of it?

Mr. KELLY. I did not say that. I did not say anything about a 20 per cent reduction, sir.

Senator TELLER. That is what we are talking about now.

The CHAIRMAN. A reduction, I said.

Senator TELLER. Of course the bill we have here is for 20 per cent.

Mr. KELLY. I did not know what you were addressing yourself to, Senator.

Senator TELLER. So we have been talking about it on that theory.

Mr. KELLY. If you ask me whether I think any reduction in the duty would redound largely to the benefit of the producer in Cuba, I say yes.

Senator TELLER. What do you say about the reduction of 20 per cent?

Mr. KELLY. Whatever the reduction is he will get it.

Senator TELLER. He will get the whole of it?

Mr. KELLY. I think so.

Senator TELLER. You do not think the sugar trust will get any?

Mr. KELLY. I do not think it will.

Senator TELLER. You do not think the refiner will get any?

Mr. KELLY. I do not see how he can.

Senator TELLER. Why not?



Mr. KELLY. How can he? He is buying his sugar all over the world. He gets none whatever of the benefit which Porto Rico enjoys now from the abolition of the duties. Porto Rico sugar will sell in New York to-day alongside of a cargo of Cuba sugar. The Porto Rico sugar pays no duty. The Cuba sugar pays a duty of over 100 per cent of its value, and the Porto Rico sugar will bring exactly the same price in New York as the Cuba sugar will bring. Does the refiner get anything out of that?

Senator TELLER. Suppose the refiner should say to the Cuban producer that he would pay him so much for it?

Mr. KELLY. The Cuban producer would simply say to him: "You can't have my sugar."

Senator TELLER. Then what would the Cuban producer do with the sugar?

Mr. KELLY. He would wait until the American refiner wanted it. He would have to have it. If the American refiner should go to Europe for his sugar he would immediately send the market in Europe up by the extent of his demand.

Senator TELLER. The Cuban producer can not send it to Europe, can he?

Mr. KELLY. He could.

Senator TELLER. He can not profitably send it to Europe, can he?

Mr. KELLY. They have not tried it. There is no reason to try it.

Senator TELLER. If he did, he would not get any benefit from the concession?

Mr. KELLY. No more than he would in the United States.

Senator TELLER. He would get no more than if we had not passed the bill?

Mr. KELLY. None whatever.

Senator TELLER. If the refining companies say to him, "We will give you one-half of the benefit of this reduction and the other half we will take, because we are hard up," or for any other reason, he would have to take it, would he not?

Mr. KELLY. I can not conceive such a situation, Senator?

Senator TELLER. Is he able to hold it?

Mr. KELLY. He is able to hold it, but on the other hand the sugar refiners have to have sugar from day to day. They are melting 40,000 tons of sugar a week. They have to have it. If they stop buying sugar from Cuba they have to go elsewhere for it, and the moment they go elsewhere they send the market up somewhere else.

Senator TELLER. They are getting along without Cuban sugar, are they not?

Mr. KELLY. Yes; to some extent. They have been buying Cuba sugars in this market.

Senator TELLER. Not very much.

Mr. KELLY. I am not talking about what they have been buying in Cuba, but in this market. In the New York market there are sugars coming forward all the time, and the American Sugar Refining Company is buying them in New York and melting them.

Senator TELLER. They are not buying them in Cuba?

Mr. KELLY. I do not know what they are doing in Cuba, but I know what they are doing in New York.

Senator TELLER. Are all the other refining companies buying sugar in New York?

Mr. KELLY. They are buying them as they come forward. I am selling Cuban sugars right straight along.

Senator TELLER. To whom do you sell Cuban sugar?

Mr. KELLY. I am selling Cuban sugars to whosoever will buy them and pay me the market price for them.

Senator TELLER. Can you give me an idea how much sugar you have sold since the 1st of last January? Can you give it to me now or could you furnish it?

Mr. KELLY. I could give it to you in two minutes if you will just give me long enough.

Senator TELLER. All right.

Mr. KELLY. I should say in round figures 150,000 bags of sugar.

Senator TELLER. You will have to tell how many bags make a ton.

Mr. KELLY. That would be, say, 20,000 tons of sugar. Are you referring to Cuban sugar alone?

Senator TELLER. Yes.

Mr. KELLY. About 15,000 tons of Cuban sugar since the 1st of January.

Senator TELLER. To whom have you sold that?

Mr. KELLY. To the sugar refiners of the Atlantic coast.

Senator TELLER. I mean what particular person?

Mr. KELLY. To the W. J. McCahan Sugar Refining Company, of Philadelphia; to B. H. Howell, Son & Co., of New York, and to the American Sugar Refining Company.

Senator TELLER. What amount have you sold to the American Sugar Refining Company? Can you state it?

Mr. KELLY. I think I am safe to say perhaps one-third of it.

Senator TELLER. That would be 5,000 tons?

Mr. KELLY. Yes; I am drawing on my memory entirely now for this, but I should say one-third is a very fair figure.

Senator TELLER. Are you drawing on your memory for the amount you have sold, or to whom you have sold?

Mr. KELLY. No; of the amount sold I am pretty certain.

Senator TELLER. What is the price of sugar now?

Mr. KELLY. It was, yesterday,  $3\frac{1}{2}$  cents a pound, duty paid, for 96 test centrifugal in New York.

Senator TELLER. Is that higher or lower than it has been?

Mr. KELLY. Well, it is very much lower than it has been at times in the past. It is one-eighth of a cent higher than the lowest price ever reached in the history of the article.

Senator TELLER. When was the lowest point reached?

Mr. KELLY. Within the past month.

Senator TELLER. Then it is higher than it was two months ago.

Mr. KELLY. One-eighth of 1 cent per pound.

The CHAIRMAN. Do you know what that is free on board?

Mr. KELLY. Yes; if you just deduct the duty and the insurance and freight from that figure.

The CHAIRMAN. I did not know but that you knew.

Mr. KELLY. I can tell you. I think it is 1.69. Yes; it is just 1.69. Free on board you want to deduct 13 cents. Say, 1.56 free on board.

Senator TELLER. Where do you take 13 from?

Mr. KELLY. About 12 cents average freight and 1 cent marine insurance. The Senator asked me for the free-on-board price.

Senator TELLER. How long can these sugar producers hold on? I am not speaking of the rich men like Mr. Atkins; I am talking about the men that are doing a different business from his. I am talking about the Cubans now, not the Americans.

Mr. KELLY. Yes, sir; the American sugar producers.

Senator TELLER. The American sugar producers over there are men of wealth, are they not, as a rule?

Mr. KELLY. Most of them are, I should say.

Senator TELLER. The majority of them?

Mr. KELLY. Yes.

Senator TELLER. For most of them it is a plaything?

Mr. KELLY. I think you are mistaken in that, Senator. I do not think it is a plaything with any of them. I think it is a very serious business for many of them; I know it is for me.

Senator TELLER. How long can the Cuban hold his sugar?

Mr. KELLY. I would like to refer you to his banker for an answer to that question.

Senator TELLER. Does he not depend entirely upon his banker? If his banker crowds him he has got to sell, has he not?

Mr. KELLY. To a considerable extent I should say that is the case.

Senator TELLER. Do you know what proportion—I am speaking of the Cubans—have been borrowing money on their sugar?

Mr. KELLY. I do not.

Senator TELLER. Do you know what they generally do; what has been the custom?

Mr. KELLY. Yes; they generally borrow such money as they want from their bankers and cover the bankers' advances to them out of the crop when it is made.

Senator TELLER. Do you know what interest they usually pay over there?

Mr. KELLY. No; thank goodness, I have not had to borrow money in Cuba. I do not know.

Senator TELLER. No; you borrow it in the United States?

Mr. KELLY. Yes.

Senator TELLER. Do you not know they pay a very large rate of interest over there?

Mr. KELLY. They used to.

Senator TELLER. Twelve to 18 per cent.

Mr. KELLY. I do not think they do now. They used to pay a very large interest.

Senator TELLER. Why do they not now?

Mr. KELLY. Since the advent of new banking concerns in Cuba, like the North American Trust Company, the Bank of Halifax, and the Royal Bank of Canada, the interest rates have gone down very much. I think 8 per cent for money in Cuba to-day is quite the unusual thing. I should imagine so.

Senator TELLER. Is there not a very great deterioration in sugar when it is held down there in that warm climate?

Mr. KELLY. It depends a good deal on the sugar itself.

Senator TELLER. Take it as a rule, is not that a fact?

Mr. KELLY. Well-made sugars will carry through warm weather, but poorly-made sugars will not.

Senator TELLER. Is there any sugar that can be held without deterioration?

Mr. KELLY. Yes; I think very high grade centrifugal sugar will carry.

Senator TELLER. I am not asking about refined sugar.

Mr. KELLY. I am not talking about refined sugar either.

Senator TELLER. I mean sugar that is to go through a refinery.

Mr. KELLY. High-grade raw sugar would carry fairly well through the season of warm weather.

Senator TELLER. Do you mean there would not be any loss at all?

Mr. KELLY. There would be some, but not a great loss.

Senator TELLER. It would depend, then, on its being of extra quality?

Mr. KELLY. Not extra quality; but you take sugars that are made for the refining market, sugars that are made to be sold to a refinery, and are well made and would test up to the requirement of the market, 96 test, they will carry fairly well through a season of warm weather, I think. If they are poorly made and test below that they are likely to lose in quality.

Senator TELLER. It is not simply a question of endurance between the planter and the sugar refiner, as to which can hold out longer, if they undertake to do that?

Mr. KELLY. That I am not prepared to say. As I told you, it depends altogether on the Cuban planter's banker, if he will carry him. The sugar is just as good as money in the banker's hands at any time. I would just as leave have a thousand bags of sugar as to have \$5,000.

Senator TELLER. He will not carry him beyond a point that is perfectly safe, will he? That is, if sugar is still falling and he is charging up interest, he is not likely to carry it beyond the point he thinks he is safe, is he?

Mr. KELLY. But that condition of things does not exist this year. Sugar is not falling. Sugar has been low ever since the Cuban planter began this year to make his crop, and conditions are not much worse now than they were at the beginning of the crop—very little worse.

Senator TELLER. Are they any worse?

Mr. KELLY. I think not. The market has been swinging up and down through a range of about one-quarter of a cent a pound, or five-sixteenths of a cent a pound, for the last three or four months.

Senator TELLER. What reason do you give for this change in the low price of sugar, for instance?

Mr. KELLY. What reason do I give?

Senator TELLER. Yes.

Mr. KELLY. There is too much sugar in the world. That is all. The supply exceeds the demand. That is one of the reasons, but that condition has been brought about by an unnatural or abnormal condition as to manufacturing on the continent of Europe.

Senator TELLER. Any other reasons?

Mr. KELLY. Well, now, what does that question mean, Senator?

Senator TELLER. In the testimony of Mr. Atkins before the House Committee on Ways and Means, at page 416, Mr. Tawney asked Mr. Atkins:

What do you claim Cuba has lost by reason of the war?

Mr. ATKINS. We have not lost any market, but we have lost the possibility of

selling sugars at a remunerative price and that was brought about largely by the course of the United States in stimulating the production of her domestic sugar. In speaking of domestic sugars I refer not only to domestic sugars of the United States proper, but to those of her colonies. Adding that to the same stimulation through legislation in Europe, the United States has done her full share toward bringing about this economic crisis in the sugar markets of the world.

Do you attribute any part of it to our conduct in keeping up the tariff? I suppose he refers to keeping up the tariff. That is the way I take it.

Mr. KELLY. He ought not to; he is a good Republican, Senator.

Senator TELLER. I notice he is very much in favor of free sugar, if he is a good Republican.

Mr. KELLY. I know very good men who believe in a high tariff, but anything that touches themselves they would like to have free.

Senator TELLER. That is the universal rule.

The CHAIRMAN. Reduced to plain English, that means that the United States has stimulated the production of sugar in Louisiana, the beet sugar, and the Hawaiian sugar—

Mr. KELLY. I do not think you ought to include Louisiana in that list, Senator. Louisiana makes less sugar to-day than she did four years ago.

The CHAIRMAN. That is what that means.

Mr. KELLY. He has reference, I guess, to the Hawaiian Islands particularly, which, in 1876, when the reciprocity treaty was first negotiated, were producing something like 50,000 tons of sugar and are to-day producing about 300,000 tons.

The CHAIRMAN. Porto Rico has doubled.

Mr. KELLY. I am not certain. I think they expect to make 120,000 tons in Porto Rico next year, and the crop used to be about 60,000 to 70,000 tons.

Senator TELLER. Certainly there has been no special effort made to encourage the beet production in this country nor the cane in this country.

Mr. KELLY. Not beet?

Senator TELLER. Not aside from tariff.

The CHAIRMAN. I suppose that is what he means. Of course, that has increased in a few years.

Senator TELLER. It probably has increased.

The CHAIRMAN. I suppose Mr. Atkins meant to say—I do not speak for him, but I suppose he meant to say—that by as much as we had stimulated the production of sugar, that had its effect on the price of Cuban sugar.

Mr. KELLY. The question is very much involved as you put it and I am not able to understand the question itself.

Senator TELLER. You spoke about the bounties in Europe. That is what you meant?

Mr. KELLY. Yes; the conditions generally in Europe.

Senator TELLER. I wanted to know whether you agreed with Mr. Atkins that our tariff had a good deal to do with that.

Mr. KELLY. Only in so far as the conditions in the United States and in its colonies have increased the output of sugar—have increased the world's annual supply of sugar. That is all.

Senator TELLER. What I want to do is to emphasize as much as I can the fact that you people who are now advocating the reduction of the duty on sugar—I am speaking now of the outside people, not the



Senate, though I will talk about that later on—are all in favor of a further reduction and a reduction that will ultimately destroy the domestic sugar in this country. I am not speaking of you, Mr. Kelly.

Mr. KELLY. What do you mean by a further reduction, Senator?

Senator TELLER. Mr. Atkins declared it was not worth while to give them 20 per cent reduction. Mr. Mendoza and Mr. Palma, the president, is quoted as saying that 20 per cent is nothing; that you have got to have 50 per cent. Mr. Atkins said they ought to have free sugar. Mr. Havemeyer is quoted in the public press as saying that they ought to have free sugar. I do not mean free refined sugar, but free raw sugar.

Mr. KELLY. It would not do to have free refined sugar. You would kill the beet-sugar industry completely then.

Senator TELLER. You would kill the raw-sugar industry, too. That is what I think the whole purpose of this proceeding is. What do you think, Mr. Kelly, will be the result of this new exploiting of Cuba by American capital as to the production of sugar; will it considerably increase it, or not?

Mr. KELLY. It is my hope, and I have expressed that hope in public, that within a certain number of years it would be considerably increased; yes, sir.

Senator TELLER. I see you stated before the House committee that it might be increased to 2,500,000 tons within five years.

Mr. KELLY. Did I say that before the House committee, or is that a quotation from something I have previously said? I have made that statement. I think, perhaps, as to the time I am a little too quick, but I think ultimately Cuba will make that much sugar.

Senator TELLER. One minute. I will tell you whether you did or not. I think you did.

Mr. KELLY. I will admit having made such a calculation as that, Mr. Senator, and it was in print.

Senator TELLER. Mr. Kelly, these memoranda were handed to me, but I ran over your testimony, and I believe they are correct.

Mr. KELLY. Yes, sir; I have made that statement in public. I do not think I made it to the Ways and Means Committee, but some member of that committee quoted from a statement of mine.

Senator TELLER. You said that only a small part of the American people were interested in sugar, not more than 1 per cent. Then you went on to talk about the trade that we might get out of Cuba, a couple of hundred million dollars a year.

Mr. KELLY. Yes, sir.

Senator TELLER. Which is of course, in my judgment, rather fanciful. Then you said you wanted the committee to consider the interest of 1 per cent of American people in the sugar business. You asked the committee to consider the 99 per cent, and then you said that Cuba could produce.

Mr. KELLY. Yes.

Senator TELLER. Mr. Atkins declared that in five years, I think, they could produce all the sugar we want in the United States.

Mr. KELLY. I do not think that statement is correct—that they could produce in Cuba all the sugar we want in the United States.

Senator TELLER. I think Mr. Atkins said so.

Mr. KELLY. I do not think so.

The CHAIRMAN. If they produce 2,500,000 tons, it would be sufficient.



Mr. KELLY. Do you not mean all we need in addition to what we are ourselves producing?

The CHAIRMAN. No.

Mr. KELLY. I do not think Mr. Atkins ever made such a statement.

Senator TELLER. Some of the other people went so high as to say that Cuba could produce 5,000,000 tons.

Mr. KELLY. Oh, well, that is wild.

The CHAIRMAN. The consumption of the United States is now about 2,500,000 tons.

Mr. KELLY. Yes; and as I say, Mr. Atkins could not possibly have made that statement. The natural increase is nearly 7 per cent, I think.

Senator TELLER. I think it is 6½.

Mr. KELLY. Six and a fraction; yes, sir.

Senator TELLER. You are interested in some sugar manufactories in other sections, I understood you to say.

Mr. KELLY. In the island of San Domingo; yes, sir.

Senator TELLER. Can they raise sugar there cheaper than they can in Cuba?

Mr. KELLY. No; they can not.

Senator TELLER. They can not raise it as cheaply, can they?

Mr. KELLY. Not quite so cheaply.

Senator TELLER. What do you say about Jamaica?

Mr. KELLY. I have only superficial knowledge of Jamaica. I have been there lately. I fancy Jamaica might raise sugar cheaper than Cuba does because they have a much cheaper labor. I made some inquiry on the subject, and I find rough labor in Jamaica is worth only 40 cents a day. I think it might be well for you to know, if you do not, that Cuba pays a higher wage to unskilled labor in the sugar business than any other country on the face of the earth to-day.

The CHAIRMAN. Has it been increasing?

Mr. KELLY. It has been increasing because of the lack of supply of labor. It is a matter that is controlled entirely by supply and demand.

The CHAIRMAN. Of course it is.

Senator TELLER. Is there a lack of supply now?

Mr. KELLY. Of labor there is, yes, sir—for the grinding period.

Senator TELLER. What occasions that?

Mr. KELLY. Because during the harvest period labor is wanted in great quantities for hauling and cutting cane. The number of people required for harvesting the crop is probably three times the number employed for taking care of the crop during the growing season.

Senator TELLER. There has been a pretty large increase of immigration in Cuba, has there not?

Mr. KELLY. I am not posted as to that and there is no use of examining me on that subject.

Senator TELLER. How does the price of labor in Cuba compare with the price in Louisiana on the sugar estates?

Mr. KELLY. The wage in Cuba to-day, so far as my knowledge goes—and I speak now of the concerns with which I am connected—is about \$1 per day. The average would be equal to \$1 in gold per day. So far as I have any knowledge of Louisiana, and I have made inquiry directly in the field myself, I understand that during the dead season or the growing season their labor is worth about 60 cents a day. That is what it gets, while during the harvest season of about eight weeks they get about 75 to 80 cents a day, and in some cases as high as \$1.

Senator TELLER. You have put it here at from 60 to 70 cents?

Mr. KELLY. Yes, sir; but I have since made inquiry on that subject and I learn that some labor gets as high as \$1 a day during the harvest season of two months; that is, the months of, say, October and November, when they are harvesting their cane.

Senator TELLER. I think Mr. Atkins also testified that labor was cheaper in the Southern States than it was in Cuba.

Mr. KELLY. I have just told you that, sir, of my own knowledge.

Senator TELLER. I say he testified to the same thing, and he has had experience. What do you think will be the effect upon sugar of free trade between the United States and Cuba?

Mr. KELLY. The possibilities are so great that I become enthusiastic when I think of that, Senator. Do you say as between the United States and Cuba?

Senator TELLER. Yes.

Mr. KELLY. I think in five years there will be an annual business between the United States and Cuba, both ways, of easily \$300,000,000 per annum.

The CHAIRMAN. By both ways, what do you mean?

Mr. KELLY. Imports and exports.

The CHAIRMAN. You mean counting both imports and exports?

Mr. KELLY. I believe we shall be moving over 5,000,000 tons of freight per annum between Cuban ports and the United States.

Senator TELLER. What do you expect to move?

Mr. KELLY. I expect to move sugar.

Senator TELLER. Aside from sugar?

Mr. KELLY. Sugar and molasses and hard woods and iron ores, and other products of Cuba in this direction, and coal, and iron and steel manufactures, and lumber, and manufactured goods of every kind, flour and provisions, from this end out.

Senator TELLER. Has Cuba any coal?

Mr. KELLY. None.

Senator TELLER. The bulk of trade would be this way, would it not—that is, coming to us. The imports into the United States would largely exceed the exports?

Mr. KELLY. In value, perhaps, but not in volume.

Senator TELLER. In value I am talking about.

Mr. KELLY. It might, although the people of Cuba have a reputation for being extravagant and good liver. They spend money very freely. They have always done that and the likelihood is that they will spend it with us.

Senator TELLER. You have mentioned sugar and lumber particularly. What else would they ship?

Mr. KELLY. They would ship their hard wood.

Senator TELLER. That is lumber?

Mr. KELLY. Yes, sir; their iron ore and their tobacco, of course.

The CHAIRMAN. Fruits?

Mr. KELLY. Yes, sir.

Senator TELLER. I am talking about free trade in sugar. You are talking about free trade in everything.

Mr. KELLY. You did not suggest free trade in sugar. You suggested free trade.

Senator TELLER. I asked if the whole tariff were taken off of sugar, what would be the effect?

Mr. KELLY. The effect of that would be to make Cuba enormously productive in sugar in value, and then in turn they would become very large customers of the United States for American goods.

Senator TELLER. Do you believe there is any portion of the United States in which we can raise sugar and compete with Cuban sugar on a basis of free trade?

Mr. KELLY. I am not in the sugar business in the United States. I don't know. The only means I have of knowing anything on that subject is the statement made by the princes of the beet sugar business in this country themselves, Oxnard & Cutting, who announced over their own signature three years ago that they could continue to produce and pay handsome dividends on beet sugar in this country even if there were no tariff at all.

Senator TELLER. That is when they were exploiting their wares.

Mr. KELLY. I do not think either of those gentlemen would like to see that remark on the record.

Senator TELLER. Do you not know that both of them say they have made a mistake and they could not do that?

Mr. KELLY. It is a bad time to cry baby, Senator.

Senator TELLER. You do not believe that story, anyway?

Mr. KELLY. I do not believe what story, sir?

Senator TELLER. You do not believe they could compete with Cuba? You do not believe any beet-sugar producer could compete with free sugar from Cuba?

Mr. KELLY. I think I am on record in that paper, Senator, as to an interview had with a beet-sugar man. I do not recall the exact figures, but a short time before I came on the stand before the Ways and Means Committee, I was visited by Bishop Cutler, of Utah, who is the president of the Utah Sugar Company, and he gave me figures at which he could produce and deliver at their factories granulated sugars, which are the sugars of commerce and of consumption in this country. I wish you would refer to that record. I think the average price at which he said he could sell sugars and make a profit was 3 cents per pound for granulated.

Senator TELLER. Three cents?

Mr. KELLY. Three cents per pound for granulated sugar.

Senator TELLER. Then he could not compete with Cuba.

Mr. KELLY. I think he could. I think he is on a very favorable basis. Granulated sugar to-day on the Atlantic coast is as cheap as ever it was, and if you will add to the price to-day—which, I think, is 4.65—the freight to the interior, which probably to Utah is not less than half to three-quarters of a cent a pound, you have 5.15, nearly 5½ cents a pound. If you deduct the duty on raw sugar from that, you can see whether he can make any profit.

Senator TELLER. I do not see any quotations from Bishop Cutler. It may be here, but I do not see it. I think Mr. Cary, who is engaged in the sugar business in Colorado, is not far out of the way when he says if there was any material reduction made in the duty on sugar a year would practically destroy it.

Mr. KELLY. I think that depends entirely on the point of view. If the statement made by Bishop Taylor was true, and if there are better advantages for beets in Colorado than anywhere else in the United States, I am inclined to say the beet-sugar business in Colorado could exist without a tariff—not so profitable as it is now, but profitable.

Senator TELLER. We have at least three establishments tied up now waiting to see if this bill is to pass or not.

Mr. KELLY. Don't you recollect that when the Hawaiian Island annexation treaty was under discussion it was threatened to tie up all the beet-sugar factories in the West also?

Senator TELLER. There was not a beet-sugar factory in operation in the United States at that time.

Mr. KELLY. At the time of the annexation treaty? That is what I am talking about.

Senator TELLER. We have been having free sugar for twenty-five years.

Mr. KELLY. Precisely.

Senator TELLER. The annexation did not change the conditions a particle.

Mr. KELLY. And yet the American Beet Sugar Company notified its contract farmers at that time that if the annexation treaty was passed beets would be reduced in value by so much a ton.

Senator TELLER. They never did that in my country.

Mr. KELLY. They did it in the West.

Senator TELLER. But it would be a great piece of stupidity for them to say that a condition that had existed for twenty-five years, simply because we were to have a closer political relation with Hawaii, would be changed so as to affect sugar. They never did say so. At least in the Senate nobody pretended that.

Mr. KELLY. I am not talking about the Senate, but of the West.

The CHAIRMAN. I have here a list, furnished by General Wood, of American establishments in Cuba, and I am going to put it in the record. There seems to be a little difference between this and what Mr. Kelly said, and I would like to inquire of him about it.

Senator TELLER. All right; go on.

The CHAIRMAN. I believe you give us nine concerns.

Senator TELLER. What does Wood give different from that? I suggested you should give that list to him some time ago, and let him refresh his memory.

The CHAIRMAN. I will call his attention to it. In this list he has given Beattie & Co. as Americans.

Mr. KELLY. Oh, no; they are British subjects. I think Mr. Beattie, the father of those boys, was the British consul in Santiago for a number of years.

Senator TELLER. He was.

Mr. KELLY. They are British subjects.

Senator TELLER. He is undoubtedly an Englishman.

Mr. KELLY. Their home is in England. I know that very positively.

The CHAIRMAN. Do you know anything about Fowler & Co.?

Mr. KELLY. I do; they are British subjects at Cienfuegos. They own the estate of Dos Hermanas. The Fowler boys were born in Cuba, and probably call themselves Cubans.

Senator TELLER. Not if they are Englishmen, they do not.

Mr. KELLY. If you knew George Fowler you might think differently on the subject. Young George Fowler and Albert Fowler, I think, are Cubans; are they not, Mr. Rionda?

Mr. RIONDA. They were born in Cuba.

Mr. KELLY. Yes; they were born in Cuba. I ought not to record my belief that they are English. I have no authority for saying that they are. They are natives of Cuba, born of English parents.

Senator TELLER. This list gives the sugar planters. It does not mean they have reduction works.

The CHAIRMAN. I think it does. That is what I asked for.

Senator TELLER. You say you do not know anything about the Narcissa Sugar Company?

Mr. KELLY. I do not know anything about it except that I know the name and know where the factory is, but I have never seen it. Up to the time it was incorporated it was the property of a very prominent Cuban, Marion Artis, of Matanzas.

Senator TELLER. In all this list he does not seem to make any distinction between a Spaniard and a Cuban.

Mr. KELLY. I think it would be very hard for anybody to do that, Senator.

Senator TELLER. There are some Spanish estates down there. There is no question about that. Some of those men who own them did not intend to become Cubans, because I was down there two years ago and I know about it.

Mr. KELLY. You would not urge upon an American who was there and had an estate to become a Cuban, would you?

Senator TELLER. No; I should not think he would show much sense if he did.

Mr. KELLY. I think the sense of love of country goes way beyond any appreciation of sugar properties or anything else. The fact that a man is a Spaniard will not make him any the less a peaceful, law-abiding citizen of Cuba.

Senator TELLER. But as we are asked to assist the people of Cuba, I think we have the right to restrict that to the real Cubans, and that we are under no obligations to assist American citizens or Englishmen.

Mr. KELLY. I am not competent to discuss that with a Senator, but I thought you were dealing with Cuba, not with individuals in Cuba.

Senator TELLER. If we were, then we had better give it to the Cuban government. I am willing now, if it is necessary, to vote the Cuban government something, but I am not willing to vote anything to Mr. Atkins and Mr. Havemeyer and those people, and certainly not to the people who are Spanish citizens and who retain their Spanish citizenship.

The CHAIRMAN. While Mr. Teller is looking at that paper, Mr. Kelly, you think there is a possibility of increasing the sugar production of Cuba in five years to 2,500,000 tons?

Mr. KELLY. I have made that statement before, but if I were asked that question again I would correct it. I do not believe it can be done in that time.

The CHAIRMAN. Labor is rather an important factor, probably?

Mr. KELLY. That is what I had in view when I asked to correct my statement.

The CHAIRMAN. Where is the labor coming from?

Mr. KELLY. It will depend altogether, Senator, on what is done now. If the United States insists on the adoption by Cuba of a contract labor law, such as we have in the United States, and the Chinese exclusion act, heaven only knows where Cuba is going to get her labor to increase her output of sugar.

The CHAIRMAN. Setting that aside, that would be a threefold increase of this year's crop?

Mr. KELLY. Yes, sir.



The CHAIRMAN. Where is she going to get labor to greatly develop the island? That is what I want to know.

Mr. KELLY. Well, the natural increase in population in Cuba is quite large. They are a very prolific people. Then, up to the present time, the immigration in Cuba has been largely from Spain and from the Canary Islands—the very best kind of labor.

The CHAIRMAN. Is there any other source?

Mr. KELLY. Not that I know of. I am inclined to think not.

Senator TELLER. They will not go from the United States down there?

Mr. KELLY. I do not think they will.

The CHAIRMAN. Either white or black?

Mr. KELLY. I do not think they will. Skilled labor, very high class, and very highly paid labor will go to Cuba, of course. It is in demand there, and has been in demand there for years. Most of the skilled labor in the island to-day goes from this country.

The CHAIRMAN. Then location has a good deal to do with the increase there, does it not? In other words, is it going to be possible to make a great increase of production in the interior of the island where they have to depend on railroad freight and all that to get down to the coast?

Mr. KELLY. I think not. I do not think the increase will ever be very large there.

Senator TELLER. Where; in the interior?

Mr. KELLY. In the interior of the island; yes.

The CHAIRMAN. And when anyone else undertakes to predict the increase it is largely a matter of guesswork, is it not?

Mr. KELLY. Very largely; yes.

The CHAIRMAN. The conditions would all have to be very favorable, I suppose?

Mr. KELLY. They would, in order to realize that expectation.

The CHAIRMAN. Then, of course, the price of labor in the world will have something to do with it?

Mr. KELLY. It has a very important effect upon the whole thing.

Senator TELLER. You speak about the labor down there and the effect in case we apply our labor laws, which, of course, we have no business to do, unless we do it in a treaty. You would be in favor of letting the Chinamen in, would you not?

Mr. KELLY. The Chinaman in Cuba has been a very peaceful, law-abiding, hard-working man.

Senator TELLER. He is always that.

Mr. KELLY. The question has never been discussed in Cuba. I think he is the last man I would let in. I would exhaust every possible effort to draw labor from everywhere else in the world.

Senator TELLER. You would draw it from Spain, which is practically the only place from which you can draw labor?

Mr. KELLY. Yes; and if you can get enough of it there is no better labor anywhere in the world.

Senator TELLER. You can get enough of it. You got 60,000 of them in one year.

The CHAIRMAN. Forty-eight thousand, I think. I am speaking from recollection.

Senator TELLER. There is more labor in Spain than is required in Spain.



The CHAIRMAN. It is the north of Spain that this labor comes from, is it not?

Mr. KELLY. Yes.

Senator TELLER. That is the best class of Spaniards, of course. You can get all the labor you want from Spain, but you can not get it at Chinese rates.

Mr. KELLY. I do not think anybody in Cuba wants labor at Chinese rates.

Senator TELLER. I do not know about that. I should think it likely that these large concerns would want it at Chinese rates, because my experience is they want the lowest possible labor always.

Mr. KELLY. I think everybody wants that. I think that is universal. Labor is always purchased where it can be purchased the cheapest, just as you buy your potatoes or anything else.

Senator TELLER. That is the most desirable labor to any manufacturer of any kind, the cheapest labor he can get.

The CHAIRMAN. I will have this list furnished by General Wood printed in the proceedings.

The papers referred to are as follows:

SENATE OF THE UNITED STATES,  
COMMITTEE ON RELATIONS WITH CUBA,  
*Washington, D. C., May 5, 1902.*

SIR: I inclose resolution requiring the Committee on Relations with Cuba to investigate the allegation that a large number of citizens of the United States have acquired large holdings of cane-producing lands in Cuba, etc. I desire that you communicate to the committee any information that the War Department has on this subject, and I suggest especially that you communicate with General Wood, asking him to furnish a list of companies or individuals actually producing sugar in the island of Cuba, indicating their nationality as far as possible. If in addition to this he can furnish the information as to American citizens who have acquired cane-producing lands, I shall be glad to have that also.

Respectfully,

O. H. PLATT, *Chairman.*

Hon. ELIHU ROOT,  
*Secretary of War.*

---

WAR DEPARTMENT,  
*Washington, May 8, 1902.*

SIR: I have the honor to acknowledge the receipt of your letter dated May 5, 1902, inclosing a resolution requiring the Committee on Relations with Cuba to investigate the allegation that a large number of citizens of the United States have acquired holdings of cane-producing lands in Cuba, etc., and expressing a desire that I communicate to the committee any information that the War Department has on this subject, and suggesting especially that I communicate with General Wood, requesting him to furnish a list of companies or individuals actually producing sugar in the island of Cuba, indicating their nationality as far as possible, and such additional information as

he can secure as to American citizens who have acquired cane-producing lands.

Upon receipt of your letter I called upon General Wood to comply with your request. In response thereto I received this morning a dispatch containing in part the information requested and a statement that further information would be supplied to-day.

I inclose copy of the telegraphic correspondence passing between the War Department and General Wood in respect of the subject-matter of your letter.

Very respectfully,

ELIHU ROOT,  
*Secretary of War.*

Hon. O. H. PLATT,  
*Chairman Committee on Relations with Cuba,  
United States Senate.*

---

[Copy of telegram sent to General Wood, May 6, 1902.]

MAY 6, 1902.

Wood, *Habana:*

Senate committee to investigate allegation that concessions given Cuban sugar will only benefit sugar trust, and that such measures are advocated by United States citizens who have acquired large holdings of Cuban cane-producing lands, calls upon Department to ask you for list of companies or individuals actually producing sugar in Cuba, indicating their nationality as far as possible. Also request that you furnish all information possible as to American citizens who have acquired cane-producing lands. Secretary desires full cable report all data you can furnish as soon as practicable.

MAGOON.

---

[Received at War Department May 7, 1902.]

HABANA.

MAGOON, *Insular Division, Washington:*

Colonel Bliss reports on information Mr. Guma, expert on matters of Cuban sugar, who furnishes statistics to Willets and Gray and to sugar dealers generally, as follows: Estimated amount of the present crop, 750,000 tons; fall off from original estimate of 830,000 tons due partly to failure to grind, and to dry weather. Sugar exported to the United States during the last six months includes November and December shipments, which belong to the crop of the preceding year; 40,000 tons of this shipped during these months. Of the new crop 160,000 tons have been exported. Total amount of sugar actually ground to date is 650,000 tons; deducting 160,000 tons shipped, we have 490,000 tons still in Cuba. Fifty per cent of the present crop is believed to be still actually held by the producers. It is impossible to state how much is held by the refining companies. As stated before, the great majority of the sugar producers sell their sugar to commercial houses in Habana and other large ports in Cuba, who hold and sell on a favorable market. No one can say definitely how much sugar the American Sugar Refining Company holds, as it would require a statement from all the confidential agents. The company alone can give this information. All Cuban sugar will eventually be sold to the refining companies, as practically none is refined in the island and none goes to Europe. A list of companies actually producing sugar will be sent you to-morrow as complete as possible.

Wood, *Military Governor.*

---

WAR DEPARTMENT,  
*Washington, May 9, 1902.*

MY DEAR SENATOR: In further response to your letter of the 5th instant, I take pleasure in inclosing herewith copy of a cablegram

received this date from the military governor of Cuba, giving the names, residence, and nationality of the sugar planters of the island of Cuba.

Very sincerely, yours,

ELIHU ROOT,  
*Secretary of War.*

Hon. O. H. PLATT,  
*Chairman of Committee on Relations with Cuba,  
United States Senate.*

[Received at War Department May 8, 1902.]

HABANA.

MAGOON, *Insular Division, Washington.*

Reference my telegram of yesterday, following is list of sugar planters and their residences:

Name.	Residence.	Name.	Residence.
Mercedes Duranona de Goichoechea.	Artemisa.	Arrechavaleta y Hermano.	Rancho Veloz.
Alfredo Labarrere .....	Cabanas.	Antonio Fernandez.....	Do.
Ingenio Mercedita.....	Do.	Garcia y Compania .....	Ranchuelo.
Frederico Galban.....	Do.	Rafael G. Abreu.....	Do.
Antonio Belside .....	Meriel.	Zozaya y Compania.....	Remedios.
Melchor Bernal.....	Nuevitas.	Montalvo y Hermano.....	Rodas.
Bernabe S. Adan.....	Do.	Juan de Dios Ona .....	Sagua la Grande.
W. Ramsden (Englishman)	Alto Songo.	Compania Azucarera Santa Teresa.	Do.
Nicolas Castanos.....	Campechuela.	Amezaga y Compania.....	Do.
Central San Ramon.....	Do.	Berenguer y Compania ....	San Juan de las Yeras.
Central Teresa .....	Do.	Francisco Gomez.....	Sancti Spiritus.
Jose Gorgas Armengol .....	Guantanamo.	Truinicu Sugar Co. (Americans).	Do.
Braut & Co.....	Do.	Olazar y Tome .....	Do.
Brooks & Co. (Englishmen)	Do.	Vicente G. Abreu .....	Santa Clara.
United Fruit Co. (Americans).	Gibara.	J. Cordoso.....	Do.
Sanchez Hermanos .....	Do.	Emilio Terry y Hermano...	Santa Isabel de las Lajas.
Beattie & Co. (Englishmen)	Manzanillo.		Do.
J. E. Ramirez & Co.....	Do.	Ajuria Hermanos .....	Do.
Luciano Ruiz .....	Niquero.	Central San Agustin .....	Do.
J. Bueno & Co.....	Palma Soriano.	Cirilio Gomez .....	Santo Domingo.
Francisco Pla y Picabia....	Puerto Padre.	Trinidad Sugar Co. (Americans).	Trinidad.
Francisco de P. Auza .....	San Luis.	J. P. Ruiz de Gamiz.....	Yaguajay.
Santiago Rousseau .....	Do.	Narcisa Sugar Co. (Americans).	Do.
Fermin de Sola .....	Abreus.	Herederos B. Ubistondo....	Agramonte
Emilio Apezteguia.....	Do.	Herederos Clara y Cristina Baro.	Do.
Martinez y Fernandez .....	Caibarien.	Jose Lezama .....	Do.
Manuela Larrondo.....	Calabazar.	Concepcion Baro.....	Alacranes.
Antonio Ortiz .....	Camajuani.	Adolfo Munoz.....	Do.
E. Ruiz.....	Do.	Garcia Llana y Compania..	Do.
Elias Ponvert .....	Camarones.	Arrechaleta y Cuadra.....	Bolondron.
Sotero Escarza .....	Do.	Felix Sugar Co.....	Do.
Augustin y Lequeito.....	Cartajena.	Sainz Martinez y Compania	Do.
Felix Cabello .....	Ceja de Pablo.	Diaz Olivera .....	Do.
Gabriel Carol .....	Cienfuegos.	Julia Moliner y Alfonso....	Do.
Vicente Fernandez .....	Do.	Casanas y Casanas.....	Cardenas.
Ponce Hermanos .....	Do.	Smith Castro y Compania..	Do.
Sucesion Terry Dorticos ...	Do.	Suarez y Ruiz.....	Do.
Miguel Diaz .....	Do.	Josefa Ruiz de Castener ...	Carlos Rojas.
Atkins & Co. (Americans) .	Do.	Herederos de Amalia Baro.	Do.
Herederos Lino Montalvo .	Cruces.	Guerendiain y Badiola ....	Do.
Fowler & Co. (Englishmen)	Do.	Segundo Botet.....	Cidra.
Esteban Cacicedo.....	Palmira.	Herederos de Jose de la Cruz Gutierrez	Do.
Marta Abreu.....	Cruces.	Julio Alfonso de Aldama ..	Do.
Nicolas S. Acea .....	Palmira.	Pedemonte y Compania ...	Colon.
Javier Requera .....	Do.	Francisco Rosell.....	Corral Falso.
Viuda de Zuluete .....	Placetas.	Pedro Arenal .....	Do.
Emilio Roig.....	Quemados de Guines.	Antonio Alvarez Valdes ...	Jaguey Grande.
Betharte y Hermano .....	Calabazar.	Herederos de Izaguirre ....	Jovellanos.
J. M. Sevilla .....	Do.	Dolores Perez de Fernandez	Do.
Tomas de Ona .....	Do.	Emilio Terry y Dorticos ...	Limonar.
McCulloch Hermanos.....	Do.	Herederos de Jose Menendes	Do.
Jose Maria Espinosa .....	Camajuani	Arredondo y Pando.....	Macagua.
Llanaza y Urgel.....	Do.		
P. Tapia y Hermano .....	Quemados de Guines.		
Teodoro Rabu .....	Do.		
Marcos A. Longa.....	Do.		
Juan Pascual .....	Rancho Veloz.		

Name.	Residence.	Name.	Residence.
Manuel Arocena.....	Marti.	Antonio Gonzalez Araujo..	Cardenas.
Antonio Gonzalez Mendoza	Do.	Pedro A. Mederos.....	Manguito.
Grande y Salaun.....	Mantanzas.	Compania Central Merce-	Sabanilla de Guar-
Herederos de Fernandez	Do.	des.	ceras.
Blanco		Herederos de J. de la Cruz	Matanzas.
Compania Central S. J.	Do.	Galvez.	
Bautista		J. Alfonso de Aldama.....	Do.
Francisco Rosell.....	Manguito.	S. Boetet.....	Do.
Antonio Gomez Araujo ....	Do.	Pedro Arenales Saenz.....	Pedroso.
Carreno y Arrias.....	Do.	Carlos Heckerman.....	Navajas.
Jose Montalvan.....	Maximo Gomez.	Hermanos Rosell .....	Jovellanos.
Herederos Zulueta y Sama.	Perico.	American Sugar Co. (Ameri-	Pijaun.
Hermanos Sardinias.....	Do.	cans).	
Cuban-American Sugar Co.	Do.	Anastacia Sardinias .....	Cardenas.
(Americans).		Ramon y Francisco Del-	Do.
Ernesto Paillet.....	Sabanilla.	gado.	
Hermanos Zulueta y Gamiz	San Juan de los	Sociedad Anonima Dulce	Macagua.
	Ramos.	Nombre de Jesus.	
G. Guell y Diago.....	Union de Reyes.	Hermanos de Pestre .....	Camajuani.
Jose Garcia Blanco.....	Do.	Alcina y Roca .....	Bayamo.
Matias M. Averhoff .....	Aguacate.	Arturo Simon.....	Guantanamo.
Rosario Sugar Co.....	Do.	Jaime Roca Vidal.....	Manzanillo.
Jose Garcia Barbon .....	Alquizar.	Nicolas Castanos.....	Do.
Jose F. Romero .....	Guines.	Chaparra Sugar Co.....	Puerto Padre.
Pedro Pons Orta .....	Do.	Central San Agustin .....	Remedios.
Sociedad Anonima Provi-	Do.	Arechavaleta y Cuadra ....	Habana.
dencia.		Federico Galban.....	Do.
Antonio Galindez.....	Madruga.	Juan P. Baro.....	Do.
Compania Anonima Cen-	Do.	Hijos de A. M. de Alfonso..	Do.
tral San Antonio.		Francisco Rosells.....	Do.
Francisco Duranona .....	Marianao.	Campaña Central San	Do.
Enrique Pascual .....	Melena del Sur.	Juan Bautista.	
Antonio Flores Estrada....	Nueva Paz.	Sucesion de Jose Fernan-	Do.
Manuel Froilan Cuervo....	Do.	dez.	
Benito Arxer .....	San Antonio de los	Lucigo Ruiz .....	Do.
	Baños.	Viuda de Zulueta.....	Do.
Casuso Hermanos .....	San Antonio de las	Juan Pablo Ruiz de Gamiz.	Do.
	Vegas.	Narcisa Sugar Co. (Ameri-	Do.
Manuel Calvo Aguirre .....	Do.	cans).	
Pedro Fernandez de Castro.	Santa Cruz del	Lutegardo Reyes.....	Do.
	Norte.	Juan P. Baro.....	Do.
Luis Hernandez y Her-	San Nicolas.	Cayetano Cordoba .....	Bahia Hondo.
mano.		Leandro Soler .....	Habana.
Maranon y Hernano .....	Do.	Ingenio Constancia.....	Abreu(s).
Herederos de R. Lopez de	Do.	Enrique Zulueta .....	Habana.
Mendoza.		Manuel Calvo.....	Do.
Jose Delgado.....	Do.	Justo Parraga.....	Do.
Cayetano Cordova .....	San Diego de Nufiez.	J. M. Lopez .....	Calabazar.
Careno y Arcas.....	Calimete.	Manuel A. Coto.....	Ceja de Pablo.

Where nationality is not specified they are Cubans.

WOOD, *Military Governor.*

The committee (at 12.15 a. m.) adjourned until Wednesday morning, May 14, 1902, at 10 o'clock.

WASHINGTON, D. C., *May 14, 1902.*

The committee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

### ADDITIONAL TESTIMONY OF MANUEL RIONDA.

Senator TELLER. Mr. Rionda, you said you had some interest in Cuba?

Mr. RIONDA. Yes, sir.

Senator TELLER. The chairman asked you, "Have you any place in this country or in Cuba where you store sugar?" To that you said you stored some in New York. Do you store any in Cuba?

Mr. RIONDA. Not ourselves.

Senator TELLER. Who does, then?

Mr. RIONDA. Our agents there.

Senator TELLER. Who are your agents?

Mr. RIONDA. I gave them the first day. Rabel & Co

Senator TELLER. Who else?

Mr. RIONDA. T. Bea & Co.

Senator TELLER. Of Matanzas?

Mr. RIONDA. Of Matanzas; and Mr. Castano, Cienfuegos.

Senator TELLER. What do you say about their storing? Do they buy sugar there and store it?

Mr. RIONDA. The sugars in Cuba are usually stored by the makers of the sugar, by the planters themselves. Then we buy them in store, or rather our people buy them in store.

Senator TELLER. That is, these gentlemen buy them for you?

Mr. RIONDA. Yes, sir.

Senator TELLER. Have you any sugar of your own in store in Cuba now?

Mr. RIONDA. Of our own; no, sir.

Senator TELLER. Have you any that you have purchased, or that these men have purchased, in store?

Mr. RIONDA. Yes, sir; but not owned by us.

Senator TELLER. By whom is it owned?

Mr. RIONDA. Either by the refiners that bought it here——

Senator TELLER. Of you?

Mr. RIONDA. Of us, or by the shippers themselves.

Senator TELLER. What amount have you got stored there now?

Mr. RIONDA. Ninety-eight thousand bags.

Senator TELLER. How many bags do you figure to the ton?

Mr. RIONDA. Seven bags.

Senator TELLER. That is 13,000 tons?

Mr. RIONDA. That is about 14,000 tons.

Senator TELLER. Who owns that sugar?

Mr. RIONDA. We had better go by tons, I suppose.

Senator TELLER. Yes, you had better go by tons.

Mr. RIONDA. Of that, 8,000 tons are owned by Arbuckle Brothers, 4 000 tons by the Revere Sugar Refining Company, of Boston, and the balance by William J. McCahan, Philadelphia. Those are round figures. It is not exactly 14,000.

Senator TELLER. Is it above or below that amount?

Mr. RIONDA. Do you want it exactly?

Senator TELLER. No; you say it is not exactly 14,000.

Mr. RIONDA. I divided them in round figures and gave Arbuckle 8,000 tons. It is not exactly 8,000; it may be 7,500. I gave 4,000 tons to the Revere Company, while it may be 4,500 tons. Then the others, instead of being 2,000, would be 1,500.

Senator TELLER. That is the sum total?

Mr. RIONDA. The sum total would be 14,000 tons.

Senator TELLER. None of that is included in the sales made to the American Sugar Refining Company?

Mr. RIONDA. No, sir.

Senator TELLER. Have you any in store for them?

Mr. RIONDA. For the American?

Senator TELLER. Yes.

Mr. RIONDA. No, sir.

Senator TELLER. You said you have in addition some connection with sugar planters direct?

Mr. RIONDA. Yes, sir.

Senator TELLER. Will you state what planters you have direct connection with and what you mean by direct connection; whether you mean ownership, or what?

Mr. RIONDA. I mean those plantations sell the sugars direct through us, and they will not sell them through any other broker.

Senator TELLER. Is that a financial interest you have?

Mr. RIONDA. That is a financial interest we have in the plantation.

Senator TELLER. In the company?

Mr. RIONDA. Well, we have advanced certain sums of money, and for that they have engaged to sell all their sugars through us for a certain number of years.

Senator TELLER. What plantations are those?

Mr. RIONDA. Providencia, La Julia, La Flora.

Senator TELLER. Any others?

Mr. RIONDA. Tuinucu and San Antonio. Those are the only ones. We also do business with the Rosario Sugar Company.

Senator TELLER. The same kind of business?

Mr. RIONDA. Yes; but without making any advances. We do not make any advances to the Rosario.

Senator TELLER. Do you control their output? That is what I want to know.

Mr. RIONDA. No, sir; we do not, only in so far as they can not sell those sugars through anybody else except ourselves.

The CHAIRMAN. Is that true with regard to the Rosario?

Mr. RIONDA. No; the Rosario is perfectly free.

Senator TELLER. The others can not?

Mr. RIONDA. No.

Senator TELLER. Then, as I understand you, your company, whatever you represent here, has a financial interest in these concerns; that is, you are a stockholder.

Mr. RIONDA. Not a stockholder, sir; we have made advances against sugars with the proviso that those sugars shall not be sold through anybody else than ourselves, and in case they do they shall pay us a certain commission.

Senator TELLER. If they sell to anybody else?

Mr. RIONDA. Yes.

Senator TELLER. What is the output now of each of those you have mentioned?

Mr. RIONDA. The Providencia makes about 11,000 tons; La Julia 4,000; La Flora 3,500 tons; Tuinucu 3,000 tons; San Antonio 8,000 tons.

The CHAIRMAN. Those are round figures?

Mr. RIONDA. Those are round figures, yes.

Senator TELLER. That is the amount they make this year, do you mean?

Mr. RIONDA. Yes, sir.

The CHAIRMAN. How much does it all foot up?

Mr. RIONDA. I have not included in this the Rosario. It is 29,500 tons.

Senator TELLER. Does that include the Rosario?

Mr. RIONDA. No, sir; I excluded that.



Senator TELLER. What will the Rosario produce this year?

Mr. RIONDA. They will make about 12,000 tons.

Senator TELLER. That makes what?

The CHAIRMAN. He does not control the Rosario.

Mr. RIONDA. It makes 41,500 tons all told.

Senator TELLER. The Rosario produces 41,500 tons?

Mr. RIONDA. No; that is including the Rosario. It is 29,500 tons without the Rosario.

Senator TELLER. We will exclude the Rosario for the present.

Mr. RIONDA. Twenty-nine thousand five hundred tons.

Senator TELLER. Where do you get 41,000?

Mr. RIONDA. By adding the Rosario to that.

Senator TELLER. What is the production of the Rosario?

Mr. RIONDA. Twelve thousand tons.

Senator TELLER. I did not understand the amount. Is that a corporation?

Mr. RIONDA. The Rosario? Yes, sir.

Senator TELLER. Where is that incorporated?

Mr. RIONDA. In the State of New York.

Senator TELLER. It is a New York corporation?

Mr. RIONDA. Yes, sir.

Senator TELLER. Where are these others incorporated?

Mr. RIONDA. The Providencia is incorporated in Cuba; La Julia also. La Flora is not a corporation.

Senator TELLER. What is that?

Mr. RIONDA. They are private individuals.

Senator TELLER. Who are the owners of that?

Mr. RIONDA. Mr. Martinez and Mr. Concha.

Senator TELLER. Where do they reside—in Cuba?

Mr. RIONDA. At Matanzas. The San Antonio is also a corporation in Cuba.

Senator TELLER. Do you know these people who are connected with it personally?

Mr. RIONDA. I know them personally.

Senator TELLER. What are they—Spaniards or Cubans?

Mr. RIONDA. In which particular plantation?

Senator TELLER. You may take La Julia first.

Mr. RIONDA. In La Julia they are Cubans.

Senator TELLER. Providencia?

Mr. RIONDA. Cubans.

Senator TELLER. La Flora?

Mr. RIONDA. In La Flora Mr. Sainz, who was an owner there, died about three years ago. I believe he was a Spaniard. I know indeed that he was a Spaniard, but the others I think are Cubans.

Senator TELLER. Do you know what his interest was?

Mr. RIONDA. I do not, sir.

Senator TELLER. You stated you sold last year about one-quarter of the sugar of the island?

Mr. RIONDA. Yes, sir.

Senator TELLER. And you sold to the American refiners, I suppose you meant by that, did you?

Mr. RIONDA. Last year?

Senator TELLER. Yes.

Mr. RIONDA. Yes; all told, to the various refiners in the United States.

Senator TELLER. Who is your largest customer?

Mr. RIONDA. Of the whole year?

Senator TELLER. Yes.

Mr. RIONDA. The American Sugar Refining Company is the largest customer, if you take them separately. Of course they are the largest consumers, and naturally they buy the largest amount of sugar.

The CHAIRMAN. Let him put in right there the amount he sold to the American Sugar Refining Company and to the other refiners.

Senator TELLER. All right; go ahead.

Mr. RIONDA. We sold altogether 371,000 tons. Of that we sold 137,000 tons to the American Sugar Refining Company and the remaining 240,000 tons to outside refiners.

Senator TELLER. Let us see who they were, now.

Mr. RIONDA. The McCahan Sugar Refining Company.

Senator TELLER. Of Philadelphia?

Mr. RIONDA. Of Philadelphia, 47,000 tons. The Revere Sugar Refining Company of Boston, 27,600 tons; Arbuckle Brothers, 69,700 tons; B. H. Howell, Sons & Co., 40,000 tons; William Henderson, 8,700 tons. Then there are outsiders who are not refiners, people who buy sugar sometimes for speculation. That would foot up the 371,000 tons.

Senator TELLER. Did you sell any to the National?

Mr. RIONDA. The National we always include in B. H. Howell, Sons & Co.

Senator TELLER. What did you say you sold to B. H. Howell, Sons & Co.?

Mr. RIONDA. Forty thousand tons.

Senator TELLER. Where do they refine?

Mr. RIONDA. In New York.

Senator TELLER. That is excluding the National Sugar Refining Company?

Mr. RIONDA. That includes all the refineries that B. H. Howell, Sons & Co. manage. That means the National, the Moënhauer, the New York Sugar Refining Company—three refineries. They are all combined under one management.

Senator TELLER. Combined under what they call B. H. Howell & Son?

Mr. RIONDA. They are called the National.

Senator TELLER. Of which Mr. Post is what—general manager?

Mr. RIONDA. President.

Senator TELLER. When did that combination take place, Mr. Rionda, if you know?

Mr. RIONDA. I believe it took place just two years ago—1900.

Senator TELLER. I find this on page 92 of the testimony before this committee:

If the Cuban reciprocity bill should pass both Senate and House in its present shape, it would not take many years before not only the refining interest in the United States would become a thing of the past, but also the beet-sugar industry would have to be abandoned and Porto Rico, Hawaii, the Philippines, and Cuba would cease to be cane-sugar-producing countries, all because Germany and other beet countries, where large bounties are paid, would flood the United States with refined sugars raised on their own lands.

What part of the bill did you refer to?

Mr. RIONDA. I referred to that part of the bill in which it appears the present countervailing duty would be abolished.

Senator TELLER. Was that all? Was that the only objection you had to the bill?

Mr. RIONDA. That is all. I do not mean that that is the only objection I have to the bill. That is the only foundation on which I base those remarks.

Senator TELLER. Does the countervailing duty apply to raw sugar?

Mr. RIONDA. The countervailing duty to-day applies to raw as well as to refined. If it is taken away I maintain that there will be large importations of refined sugars in this country coming from Germany and other beet-producing countries in Europe.

Senator TELLER. That is, you think if this bill passes as it now stands it will repeal the countervailing duties?

Mr. RIONDA. Yes, sir.

Senator TELLER. You mean on both raw and refined?

Mr. RIONDA. No, sir, it only abolishes it on refined.

Senator TELLER. What do you say as to the change in the differentials?

Mr. RIONDA. Not being a refiner, I cannot pass any judgment on that.

Senator TELLER. You did not refer to that, then, in this statement? You did not have that in view?

Mr. RIONDA. What I had in view when I wrote that letter was that the present bill as it passed the House, seems to abolish the countervailing duty only on refined; and if that is the case, it bears out those remarks.

Senator TELLER. What is the countervailing duty, as you understand? How much?

Mr. RIONDA. On raw sugar from Germany 26 cents.

Senator TELLER. That is, 26 cents a hundred pounds?

Mr. RIONDA. Yes, sir. It is 26½ cents a hundred pounds from Germany. From Austria it is about 24½ cents. It varies according to the bounty that is paid in those countries.

Senator TELLER. I know what the countervailing duty is, but just to have it on the record, state what it is in order that it may appear.

Mr. RIONDA. The countervailing duty is an extra duty equal to the bounty paid by the country from which the sugars are exported.

Senator TELLER. And it will cease when they cease paying a bounty, will it?

Mr. RIONDA. It will cease when they cease paying a bounty; yes, sir.

The CHAIRMAN. It is from the country of production, is it not?

Mr. RIONDA. From the country of production.

The CHAIRMAN. You said the country of exportation.

Mr. RIONDA. It is usually exported from where it is produced. It is the country of production.

Senator TELLER. What is it in Russia? You know we had some little controversy about that last year.

Mr. RIONDA. We have never imported sugar from Russia. I am not quite sure, but I think it is 34 cents a hundred.

Senator TELLER. You have never imported any from Russia?

Mr. RIONDA. No, sir.

Senator TELLER. You think the effect of that would be to fill us up with foreign sugars?

Mr. RIONDA. Yes, sir; with foreign sugars.

Senator TELLER. Where would that come from principally?

Mr. RIONDA. From Germany.

Senator TELLER. Why?

Mr. RIONDA. Because they are the largest producers, and they are more up to date than any other country in refining sugars.

Senator TELLER. That is, you mean they are better prepared?

Mr. RIONDA. They are better equipped.

Senator TELLER. I will ask to have put in the record what is the annual production of sugar in Germany. We have it here somewhere, I think.

Mr. RIONDA. Yes; I think you have published our figures already.

The CHAIRMAN. We did put into the record the figures of Czarnikow, McDougall & Company, in Mr. Motts's testimony, I think.

Senator TELLER. If we have it, of course it is not necessary to put it in again. You testified the other day, Mr. Rionda, that Germany fixed the price of sugar, did you not?

Mr. RIONDA. I did, sir.

Senator TELLER. Do you mean to say, now, the price in New York is always the price in Germany, less the consideration of freight?

Mr. RIONDA. Not always. There are times when the New York market is lower than the German market.

Senator TELLER. Is it ever any higher?

Mr. RIONDA. Very rarely.

Senator TELLER. How much lower does the New York market go than the German, or the Hamburg, I suppose you would say?

Mr. RIONDA. Yes. I have seen it as much as three-sixteenths lower.

Senator TELLER. Three-sixteenths of a pound?

Mr. RIONDA. Yes, sir. In some cases it may have gone even lower than that, but I explained that the other day. That applies to cargoes in port in the United States, and does not apply to sugars abroad.

Senator TELLER. Yes; that is what you said. Do you say that is always the case?

Mr. RIONDA. There are no fixed rules. Sometimes it is the case and sometimes it is not. It depends on the supply and demand.

Senator TELLER. Say on the 21st of last January. Do you know anything about the condition then?

Mr. RIONDA. The 21st of last January?

Senator TELLER. Yes. You have a schedule of prices there, I think. Now give the Hamburg price, the New York price, and the Cuba price for that date, if you have them there.

Mr. RIONDA. I do not know that I have exactly the 21st of January. I have the 17th of January. I think that is near enough.

Senator TELLER. No; I want it for that particular day. Can you not give it on the 21st?

Mr. RIONDA. I can not, sir.

Senator TELLER. Suppose you give the 17th, then. We will see what it is.

Mr. RIONDA. On the 17th of January the price of beet sugar, free on board Hamburg, was 6 shillings 8½ pence. That would be equal to 3.63 cents for 96 test centrifugals.

Senator TELLER. In New York?

Mr. RIONDA. In New York; but that day the price in New York was 3½, so that the difference on that day was precisely a quarter of a cent below the Hamburg market. I will have to explain why that

happened at that time. At that time there was a great deal of talk in Europe about England's intention to increase the duty on sugar. That caused a great deal of demand for German sugars from England, and of course that put the beet market up. As we were not interested in the increase of duty in England at that time this market did not follow. Do you see what I mean?

Senator TELLER. Yes.

Mr. RIONDA. So that the advance in Hamburg in January was really caused by the larger demand for sugar from England.

Senator TELLER. That did affect, then, the price of sugar in Cuba, did it?

Mr. RIONDA. No.

Senator TELLER. If it affected New York, it affected Cuba, did it not?

Mr. RIONDA. No; the Cuban market was much higher than New York on January 17.

Senator TELLER. How long would the Cuban market remain higher than New York?

Mr. RIONDA. That depends on the time of the year. If it was in January, it would not remain long. In the months of May, June, and July it would.

Senator TELLER. After sugar was shipped out it would not perhaps make any difference, but during the shipping season is it possible to make in Cuba a price that does not exist in the New York market?

Mr. RIONDA. Would it be possible?

Senator TELLER. I do not mean possible, but is it probable?

Mr. RIONDA. In Cuba?

Senator TELLER. Yes.

Mr. RIONDA. Above the European market?

Senator TELLER. Above the New York market during the shipping season, when Cuba is shipping her crop? Is it not absurd to say that she can maintain a price at home greater than that market?

Mr. RIONDA. It does seem peculiar, Senator, but it is the case.

Senator TELLER. It is not the case very long.

Mr. RIONDA. It is the case right along, the whole time. The lowest market in the world is the New York market. That is the lowest market in the world.

Senator TELLER. And yet you say it is fixed by the Hamburg market?

Mr. RIONDA. It is not at those times, during January, February, and March, when there are large accumulations of sugar coming into the port of New York that are not sold. Those sugars usually sell below the parity of the markets all over the world, the European market as well as the Cuban market, for the reasons that I explained the other day. If a cargo of sugar arrives, say, at the port of New York to-day, and the refiners say "I don't want it, I am chock full, I don't need the cargo," then the man if he wants to sell the cargo he will have to sell it at such a price as will make up to the refiner the cost of carrying those sugars two or three weeks until he needs them.

Senator TELLER. He can store it, can he not?

Mr. RIONDA. Who?

Senator TELLER. The man who shipped it in.

Mr. RIONDA. We are not so situated that we can continue storing sugars forever. A man's limits financially are reached very quickly. A man may have \$100,000 or \$200,000 to put into sugar. He does

not want to put in half a million dollars in sugar and have to borrow money from the banks. It would be a rather risky thing to do that.

Senator TELLER. So they sell it?

Mr. RIONDA. Yes, sir; they sell it, and that is the reason why I maintain the New York price is lower than any other market. The New York market is lower than the Philadelphia market. The Philadelphia refiners never buy on as favorable terms as the New York refiners.

Senator TELLER. Why is that?

Mr. RIONDA. Because, unfortunately, "no unsold" sugar is brought to Philadelphia. It all comes to New York.

Senator TELLER. On account of the freight difference, or something?

Mr. RIONDA. No, sir.

Senator TELLER. What is it then? There must be some good reason why sugar goes from Cuba to New York.

Mr. RIONDA. I do not like to criticise our competitor's business, but I think it is want of foresight. We never do it.

Senator TELLER. What do you do?

Mr. RIONDA. We never ship a pound of sugar unless it is sold.

Senator TELLER. You mean the brokers ship sugar without selling it?

Mr. RIONDA. Without selling it, and therefore they put themselves—

Senator TELLER. Therefore when the market does not readily take it, they have to suffer a loss.

Mr. RIONDA. They have to suffer the loss.

Senator TELLER. And if the refiner says "I don't want any sugar to-day," they have got to hold it until he does want it?

Mr. RIONDA. Yes; or sell it at a lower price than the refiner could buy it anywhere else in the world.

Senator TELLER. I suppose the refiner will always buy it if they put it down low enough, will he not?

Mr. RIONDA. Certainly. It is always of value to him.

Senator TELLER. And the lower it goes the surer he is to buy it, I suppose? What does it cost to hold sugar in New York?

Mr. RIONDA. The first month about 9 cents a hundred pounds.

Senator TELLER. How long?

Mr. RIONDA. The first month. The second, third, and fourth months, about 4½ to 5 cents a hundred pounds.

The CHAIRMAN. For the month?

Mr. RIONDA. For the month—for each month. The second and third months it is limited to interest and storage.

Senator TELLER. The Chairman asked you in your previous testimony:

If American refiners should refuse to buy Cuba sugars unless they would discount the reduction, what would they do for sugar in the meantime?

And you say:

The refiners would only have to recur to the European market.

Did you mean to say that was the only market they had?

Mr. RIONDA. Just at this time of the year that is the only market.

Senator TELLER. What time of the year?

Mr. RIONDA. Where we are now, May.

Senator TELLER. What would be June, July, and August?



Mr. RIONDA. In July and August they have the Java market to go to besides the European markets.

Senator TELLER. Is Java the only country that is shipping sugar to the United States?

Mr. RIONDA. During the summer months it is practically the only country. You see Cuba ends her crop now, and the British West Indies also.

Senator TELLER. All the West Indies?

Mr. RIONDA. All the West Indies. We have been receiving the sugars this year from the British West Indies faster than in former years, owing to this very question of Cuba getting a reduction. They wanted to sell those sugars before Cuba comes in so that after the month of May all those shipments will stop. They usually do. Then in June, July, and August the only markets where the American Sugar Refining Company can buy largely—of course they can buy small quantities most anywhere, but largely—are the European markets and the Java markets. Java commences to make her sugar in May.

Senator TELLER. By European, you mean the beet market?

Mr. RIONDA. I mean the beet market; but it takes sixty days for sugar to come from Java, so that if they wanted to buy sugar, they would have to commence buying them right away.

Senator TELLER. You do not know but that they have already bought, do you? They might have bought, at least?

Mr. RIONDA. Java sugar?

Senator TELLER. Yes.

Mr. RIONDA. We sell very nearly 70 per cent of the Java crop, and we have not sold a pound. It is natural to suppose the other people——

Senator TELLER. Have you made arrangements for sugar that is to come to you in the future?

Mr. RIONDA. Yes, sir.

Senator TELLER. What time will you receive your sugar?

Mr. RIONDA. In Java, as I said we do in Cuba, we do not ship the sugars until they are sold, so that the sugars are sold usually four or five months ahead. Last year we commenced to sell sugars from Java in December and January.

Senator TELLER. For future use?

Mr. RIONDA. For future delivery; for delivery in May, June, July, and August. This year they have not bought any.

Senator TELLER. Do you usually begin to get sugar from Java in May?

Mr. RIONDA. They commence to ship it in May.

Senator TELLER. Do you mean they commence to ship it or that you commence to get it?

Mr. RIONDA. They commence to ship it out there.

The CHAIRMAN. It takes sixty days?

Mr. RIONDA. It takes sixty days to get here.

Senator TELLER. How does it come?

Mr. RIONDA. By steamer.

Senator TELLER. I mean does it come around through the Suez Canal?

Mr. RIONDA. Yes, sir; through the Suez Canal.

Senator TELLER. It takes about sixty days?

Mr. RIONDA. About that.

Senator TELLER. Do you know whether they are shipping now from there?

Mr. RIONDA. It is too early yet. They don't commence to grind until now. They won't commence to ship until next month.

Senator TELLER. Do you know anything about what these refiners have done about buying sugar heretofore, whether they have bought it in Europe or in Java or anywhere else? Do you know anything about that?

Mr. RIONDA. Since the countervailing duties have gone into effect here, which I think was five or six years ago, the American refiner has been buying more cane sugar than beet for the simple reason that cane sugars can not go anywhere else but to this country.

Senator TELLER. We are practically the only market for the cane sugar of the world?

Mr. RIONDA. As long as beets pay a countervailing duty; yes, sir. It stands to reason that if a pound of sugar from Germany pays one-quarter of a cent more duty than a pound of sugar coming from Cuba, Cuba will get one-quarter of a cent more for her sugars than the beet-sugar people.

Senator TELLER. Then does Cuba get the benefit of the countervailing duties?

Mr. RIONDA. Certainly, sir; all cane countries.

Senator TELLER. Are you sure about that?

Mr. RIONDA. I am sure, sir.

Senator TELLER. Do you think they have got it during the last fiscal year?

Mr. RIONDA. With the exception of when the New York market, as I stated here, on January 17 was below the parity of beet.

Senator TELLER. Then they did not get it?

Mr. RIONDA. They did not get it on those cargoes that were already imported.

Senator TELLER. Would they get it on an average for the year?

Mr. RIONDA. Yes, sir.

Senator TELLER. That is what they are entitled to, are they?

Mr. RIONDA. The calculation we make is this——

Senator TELLER. I do not care for the particulars. Do you say the Cubans have gotten the benefit of the countervailing duties? I do not mean on some day, but as a rule, do they get the benefit of countervailing duties?

Mr. RIONDA. Cane sugars the world over have had the benefit of countervailing duties.

Senator TELLER. Of course, if Cuba got them, the rest got them?

Mr. RIONDA. Yes, sir.

Senator TELLER. It would be the same with all of them.

Mr. RIONDA. And it is a fact that since this countervailing duty has gone into effect 90 per cent of the cane sugars of the world have come to the United States.

Senator TELLER. Pretty nearly all of them have a freight advantage, do they not, in coming here?

Mr. RIONDA. Not Java sugars.

Senator TELLER. No; probably not.

Mr. RIONDA. Not Egyptian sugars.

Senator TELLER. But Cuba has.

Mr. RIONDA. Cuba is the only one.

Senator TELLER. Do you have Egyptian sugars come to the United States?

Mr. RIONDA. Yes, sir; but not this year. We sold from Egypt last year 18,000 tons and the year before 40,000 tons.

Senator TELLER. What made that difference?

Mr. RIONDA. The higher price in Cuba.

The CHAIRMAN. Mr. Havemeyer testified that the American Sugar Refining Company had 356,000 bags in Cuba, less what was afloat, and Mr. Mott gave an account of the purchases of that sugar running from February 19 to April 26, showing that it was all purchased of Francke & Co. and Zaldo & Co. In your statement of the sales of Cuban sugars from January 1 to May 2, 1902, you mention that you sold on March 13 7,500 bags to the American Sugar Refining Company and on March 21 12,000 bags. Those are the only amounts between the dates which were given by Mr. Mott as having been bought of other brokers. Where were those sugars that you sold on those dates, March 13 and March 21, to the American Sugar Refining Company?

Mr. RIONDA. I think Mr. Mott, in taking sugars that he bought for prompt shipment, gave you the names of the steamers and not the names of the sellers. If you will look at another statement that Mr. Mott gave you, you will find the steamer *Vizcaina* and the steamer *Fortuna*.

The CHAIRMAN. What I want to get at is this: Whether those two items—7,500 bags and 12,000 bags—were in Cuba or New York when you sold them?

Mr. RIONDA. They were in Cuba, but they were shipped right away.

The CHAIRMAN. Do you think those ought to be added to the statement of 356,000 bags which Mr. Havemeyer gave us?

Mr. RIONDA. No, sir.

The CHAIRMAN. What I want to get at is whether those two items of yours should have been added into Mr. Havemeyer's statement of the amount of sugars he had in Cuba at that time?

Mr. RIONDA. No, sir; because they had already been shipped.

Senator TELLER. What was the amount? I have forgotten.

The CHAIRMAN. Those two items were 7,500 bags and 12,000 bags. Afterwards there were some others, but within the time for which he gave us items of purchases there were those two.

Senator TELLER. They were shipped immediately, were they?

Mr. RIONDA. They were shipped immediately, and they were included in sugars bought in New York.

Senator TELLER. What time did they get to New York?

Mr. RIONDA. The shipment that was made on March 17, I take it, arrived in New York about March 23 or 25. The other, the 12,000 bags, were shipped on March 21, and they must have arrived in New York about March 27—seven days.

Senator TELLER. It takes seven days from Cuba?

Mr. RIONDA. Yes, for these tramp steamers. They came from the south side—Cienfuegos.

The CHAIRMAN. You said you had known Cuban sugars to be three-sixteenths lower than the parity in New York. Do you mean to say that is an exceptional case or a usual thing?

Mr. RIONDA. It is very exceptional. They are only distressed cargoes, what we call cargoes of distress—cargoes already in port.

The CHAIRMAN. I think you said usually the price corresponds with the Hamburg price?

Mr. RIONDA. Yes, sir; and especially so in sugars still in Cuba.

### TESTIMONY OF HEYWARD G. LEAVITT.

HEYWARD G. LEAVITT, having been first duly sworn by the chairman, testified as follows:

Senator TELLER. Mr. Leavitt, give us your full name.

Mr. LEAVITT. Heyward G. Leavitt.

Senator TELLER. State what your business is, and what connection you have with the beet-sugar industry.

Mr. LEAVITT. I am a beet-sugar manufacturer, and am president and manager and sales agent—that is, I have charge of the sales—of the Standard Beet Sugar Company at Leavitt, Nebr.

Senator TELLER. What has been your acquaintance with the business? Just give us that, and I want you to go on and state about this whole business.

Mr. LEAVITT. Would you like a history of my connection with the business?

Senator TELLER. Yes; I want to know what your experience is, so that we will have the benefit of knowing whether you know anything about the business or not.

Mr. LEAVITT. Thirteen years ago I was interested in Nebraska in the gas works at Grand Island, Nebr. I wanted to enlarge the town so as to increase the profits to the gas company, so I distributed beet seed among the farmers there with a view of making an effort to secure a beet-sugar factory, as I had investigated the beet-sugar business in Europe and found it was very profitable. I mean it advanced the interests of any community where it was situated, particularly a farming region. I had learned that Mr. Oxnard was seeking a location for a factory. Being a chemist, I analyzed the beets that fall that had been planted experimentally by the farmers in the spring, and sent those results to Mr. Oxnard. The season of 1889 was a favorable one in Nebraska, and Mr. Oxnard, as a result of those experiments, located his first factory in Grand Island. I was anxious, and had always been anxious, to go into the beet-sugar business. Mr. Oxnard offered me an interest at that time in his company, but I told him I preferred to wait, to study the business and then get up a company of my own, and I have never had any financial interest with Mr. Oxnard. We were chums at college and were great friends.

I bought a farm. I saw it was going to be an agricultural problem; that the difficulty, if any, was going to be in getting the raw material out of which to make the sugar, as agriculture was not as far advanced in those days in this country, and is not to-day, as it was in Europe. That is, there was no intensive farming in this country, which the beet requires to a greater or less extent.

Senator TELLER. You mean close farming?

Mr. LEAVITT. Yes; intensive farming, it is called. It means petite culture. It means cultivating 30 or 40 acres instead of two or three times that amount, doing the work thoroughly.

The CHAIRMAN. Getting the most out of a given tract of land.

Mr. LEAVITT. Getting the most out of the land most economically. So I bought a farm and lived on that farm for eight years, raising dur-

ing that time an average of about 500 acres of beets a year in connection with other crops, having sometimes as high as 2,000 acres in other crops, which were planted in rotation with the beets. During my spare time in the fall I worked in the factory, learning the process of making sugar, displacing the men at different stations. I have been connected, therefore, with the development of the farming side of the proposition as well as the manufacturing side. On my farm there were made the rough models of every implement used in the field to-day for cheapening the labor in the field.

Senator TELLER. Agricultural implements?

Mr. LEAVITT. Agricultural implements; and I aided in designing, and the designers of the different leading implement houses throughout the United States were sent there and worked with me. They remained there as my guests and we worked on the thing. Then I went to their factories subsequently. The result was a great cheapening in the cost of producing an acre of beets.

Three years ago I got up a company and built a factory at Leavitt, Nebr., where for seven years previously——

Senator TELLER. Where is Leavitt, Nebr.?

Mr. LEAVITT. Leavitt, Nebr., is about 53 miles west of Omaha, on the main line of the Union Pacific.

Senator TELLER. Between Grand Island and Omaha?

Mr. LEAVITT. No; it is between Fremont and Columbus. It is about 9 miles west of Fremont. The first year we only ran a short time. The factory was not completed in time except to make a test of the machinery; so we have operated there now two years and I have studied the industry here and abroad. Our plant will cost about a million dollars—just a little short of a million dollars. It has present capacity to grind 600 tons of beet a day, with a means of increasing that capacity to 1,200 tons a day at very little additional outlay.

The CHAIRMAN. How much sugar is 600 tons of beet?

Mr. LEAVITT. Six hundred tons of beet would turn out about 60 tons of sugar a day. It depends on the quality of the beet very largely.

Senator TELLER. How many tons of beet do you figure for a ton of sugar?

Mr. LEAVITT. Our beet contains 12.04 per cent of sugar this year, and we extracted 206.32 pounds of sugar per ton of beet. That is better work than has ever been done in Europe. That is not the trouble. It is an agricultural question.

Senator TELLER. Go on.

Mr. LEAVITT. Mr. Rionda has testified here that the Cuban planter has during the past fiscal year obtained the entire advantage on the New York market of the 27 cents a hundredweight—he says 26½, but it is about 27 cents a hundredweight—countervailing duty existing in our present tariff in his favor as against the beet sugars of Germany. Now, I take direct variance with him on that statement, and I should like to show from the statistics of the Treasury Department that not alone on a single day has the countervailing duty been absorbed—I refer to the day on which I made my argument before the Ways and Means Committee—but that for the whole year the countervailing duty has been absorbed by the refiners of America. My argument, therefore, from that is that as they have absorbed the advantage existing to-day in our tariff in Cuba's favor they will absorb largely if not wholly



the additional advantage of 33 cents a hundredweight which it is proposed to give the Cuban planter under the bill.

Senator TELLER. You may go on and do that in your own way.

Mr. LEAVITT. On the 21st day of January the price of what is known as 88 rendment or 94½ per cent polariscope test beet sugar, which is the standard sugar of Germany in the port of Hamburg, was 6 shillings 9 pence per 112 pounds. The price of 96 test centrifugal Cuban sugar in New York that day was 3½ cents, or \$3.375 a hundredweight; that is, cost, freight, and duty paid to New York. The equivalent price of the German beet sugar landed in New York—that is, cost, freight, and duty, and countervailing duty paid on that day—was 32½ cents a hundredweight more, or \$3.70 a hundredweight. In other words, the price of Cuban sugar was 32½ cents a hundredweight cheaper than the parity of German beet sugar in the New York market, or the entire amount of the countervailing duty had been absorbed by the refiners and 5½ cents a hundredweight of the freight advantage existing in the Cuban's favor in the New York market over the Liverpool or English market.

Mr. Rionda has testified that while sugar was selling at 3½ cents in New York it was selling at a higher equivalent price in Cuba; \$3.375 for 96 test sugar in New York means \$1.60 a hundredweight in Cuba. Of course, you have to take off \$1.685 a hundredweight for duty and 9 cents a hundredweight for costs and freight. Now, Mr. Rionda has testified—

Senator TELLER. You subtract that from the New York price?

Mr. LEAVITT. From the New York price. I will see if that is correct. It makes it \$1.60. That is right.

Mr. Rionda has testified that that was the "distress" price in New York. I mean some fellow had found himself with a cargo or several cargoes on the New York market and the trust had only given him that price.

The CHAIRMAN. You say the trust?

Mr. LEAVITT. I will say the refiners. The refiners had only given him that price. Therefore, if a Cuban had shipped on his own account instead of having sold his sugars in advance, that is the price he would have received. What, as a matter of fact, was the price in Cuba at that time and for a short time prior thereto? Was it \$1.60? Was it lower, or was it higher? If it was higher, Mr. Rionda's contention is true, in part, to the extent by which it was higher; if it was lower, or the same price, it certainly is not true. Mr. Mendoza has testified that instead of getting the New York equivalent for his sugar, \$1.60, the lowest price at which it had sold in New York, 3½ cents a pound, he was only able to get in the port of Habana free on board ship \$1.50 a hundredweight for his sugar.

Senator TELLER. That he testified before the House?

Mr. LEAVITT. Before the Ways and Means Committee. If you will refer to General Wood's letter, you will see that he asserts—

Senator TELLER. Which letter do you mean?

Mr. LEAVITT. I think his letter to the members of the Senate—that he figures the price in Cuba at \$1.50 a hundredweight, which is 10 cents below what it ought to have been on the basis of the New York price of Cuban sugar; but at the time when he wrote his letter there had been a material advance in the market, and the price instead of being \$1.50 was \$1.9125, which was when the market was 3¼ for 96 test centrifugal sugar in New York. That establishes the fact—those



figures are all figures that can be verified—that on a certain date, just the date I happened to be making my speech and took up the papers and made the calculation——

Senator TELLER. Before the House committee?

Mr. LEAVITT. Before the House committee—that the Cuban was losing the countervailing duty and practically all of the freight advantage existing in his favor in the New York market over Liverpool. That may be the condition for a single day's market. How is it for the year? Let us turn to the reports of the Treasury Department as to the average price of sugar for the fiscal year ending June 30, 1901, at the port of Cuba and at the port of Hamburg. The average price at the port of Cuba for 100 pounds of 96 test sugar for the year was \$2.40 a hundredweight.

The price for 100 pounds—this is translated into American money—of 88-rendment beet sugar 94½ polariscope test was \$2.20 a hundredweight. Now, the difference in refining value between 100 pounds of beet sugar and 100 pounds of 96-test centrifugal sugar varies, according to the testimony of Mr. Post, from 18½ cents a hundredweight to 25 cents a hundredweight, according to the price of sugar. Of course it reaches its minimum when sugar is low and increases to 25 cents when the price of sugar is high. You will find Mr. Post's testimony on page 349 of the testimony before the Ways and Means Committee, in which he says that the difference is 20 cents a hundredweight at present.

You will find that on the bottom of page 349, Senator Teller.

Senator TELLER. Yes; here it is.

Mr. LEAVITT. He states the difference to be 20 cents. Now, the difference Willett & Gray state is 22 cents. At the prices existing during the last fiscal year it was nearer 25 cents; but we will take 22 cents as the difference in refining value. Therefore, adding 22 cents a hundredweight to the \$2.20 a hundredweight, to bring the beet sugar to the standard of 96-test sugar, we have the price at the port of Hamburg of \$2.42 a hundredweight, as against \$2.40 for 100 pounds of sugar at the port of Habana for the year.

The cost and freight to New York, according to Willett & Gray, averaged 9 cents for that year a hundredweight, while from Hamburg to New York it averaged 14 cents. Therefore add 9 cents a hundredweight to the \$2.40 from Cuba, making it \$2.49. Add 14 cents to \$2.42 for the Hamburg sugar, which makes it \$2.56.

Senator TELLER. Now, give me the Cuban price.

Mr. LEAVITT. The Cuban price is first \$2.40, and then 9, making \$2.49. Now, we take the Hamburg price \$2.20, then add 22 and then 14.

Senator TELLER. Making \$2.56?

Mr. LEAVITT. Yes.

The CHAIRMAN. As against \$2.49?

Mr. LEAVITT. As against \$2.49. That makes a difference of 7 cents. Now, the difference in the regular duty on German sugar, 94½ test and 96 test, is 5½ cents a hundredweight. Therefore add to the Hamburg sugar \$1.63 a hundredweight (we will leave out the fraction) and add to the Cuban sugar \$1.68½ a hundredweight, and you will find that the Cuban sugar has been landed in New York a cent and a half a hundredweight less than the German sugar, without taking any account of the countervailing duty of 27 cents a hundredweight.

In other words, for the whole year the refiners have absorbed the 27 cents countervailing duty and  $1\frac{1}{2}$  cents of the freight advantage existing in Cuba's favor in New York over the English market.

The reason of this is very simple. On page 107 of the report of the testimony taken before the Industrial Commission for the year 1900, Mr. Havemeyer testifies that the American Sugar Refining Company at that time refined 90 per cent of the product of the United States. Therefore it is very clear that in the control of the American Sugar Refining Company was included the National Sugar Refining Company as it exists to-day. Otherwise such a statement by Mr. Havemeyer would have been false.

Therefore, unless the American Sugar Refining Company has disposed of properties which it then controlled, it to-day controls the same amount of business, less the growth of the 10 per cent of independent business which was in existence in 1900.

The Arbuckles have increased their refining capacity from 4,000 barrels to 6,000 barrels a day since that time, and are making provision for an ultimate output of 8,000 barrels a day. Mr. Havemeyer testified in 1900 that the American Sugar Refining Company and its controlled companies turned out 30,000 barrels of refined sugar a day. He testified, I believe, before this committee that the American Sugar Refining Company were now turning out about 35,000 barrels a day.

I cite this testimony of Mr. Havemeyer to show that the American Sugar Refining Company purchases a very large proportion of all the raw sugar that comes to the United States; in other words, that there is virtually but one purchaser for raw sugar in America.

There are only two countries that import sugar largely—the United States and England. In the United States there is practically no competition between refiners for the purchase of raw sugar. Therefore the sugar trust will pay, as a general average, no more to the Cuban planter for his sugar than the Cuban planter can realize in the only other market of the world open to him—the English market. In England he has to compete against German beet sugar without the aid of the countervailing duty. Therefore he can realize no more in this market than he can realize in the English market. I will qualify this statement by saying that the refiners of America will give to the Cuban planter just enough to secure his sugar; and as shown by the results of the last fiscal year, a portion of the freight advantage was sufficient to secure this Cuban sugar, and the Cuban planter received no part of the countervailing duty of 27 cents existing in his favor.

If the Cuban planter refuses the offer of the sugar trust for a price a little better than he can realize in the English market, his only remedy is to put his sugar in store; and there is the sugar of all the other cane-producing countries waiting to accept this bid of the American refiners if the Cuban prefers to store his sugar.

Mr. Havemeyer has testified before this committee that a rapid deterioration of raw sugar put in store takes place in this country beginning the 1st of July, and that the deterioration is still greater in Cuba. Therefore the Cuban, when offered more for his sugar than he can get by shipping it to England, by the American refiners, as a matter of history, has not stored his sugar, but has sold the same to American refineries at a price below the entire amount of the countervailing duty existing to-day in his favor in our tariff.

The conclusion, therefore, seems to me entirely logical that if we

seek to give to the Cuban planter a further advantage of 33 cents a hundredweight, he will be in very little better position to realize this than he is to realize the existing advantage which he now has in our tariff.

I might refer here to the Brussels agreement in relation to the countervailing duty. Under the Dingley law a countervailing duty is levied on all sugars imported into this country from a foreign country exactly equivalent to the government bounty paid by the country wherein the sugar is produced for the export of the same. In the case of Germany this countervailing duty amounts to practically 27 cents a hundred pounds on raw sugar.

The countries of Europe, under what is known as the cartel agreement, pay an additional export bounty against which we do not countervail at present, which on March 5, the date of the adjournment of the Brussels conference, was \$1 a hundredweight. The purpose of the agreement reached at Brussels, which it is provided shall go into effect the 1st of September, 1903, is to do away, not only with the government bounties, direct and indirect, but with every form of cartel or other aid to the export of sugar. In other words, the Brussels agreement will restore the whole sugar industry of the world to a normal basis, that of cost of production, and Cuba will no longer be obliged to compete in the markets of the world with sugars under receipt of enormous bounties from the countries of their home production.

On the present crop of Germany the export bounties, government and cartel, will amount to about \$44,000,000, while the German consumers of sugar will have to pay a tax for excise and export bounties amounting to about \$77,000,000.

The refining industry of England has been largely abandoned, owing to the preference of England to import bountied refined sugars rather than refine her own. So that in the past year England only refined about 600,000 tons out of a total consumption of 1,600,000 tons of sugar.

At this point I will put in the record this paper, to explain briefly the bounty system of Europe and the effect of its abolition under the terms of the Brussels agreement. This paper was prepared and written by me:

#### THE ABOLITION OF EUROPEAN BOUNTIES.

To appreciate and understand the full force and effect of the agreement recently arrived at at the Brussels Conference, whereby the system of paying an export bounty on all sugars shipped outside of the countries wherein produced, which has existed for the past quarter of a century and is now about to be abolished at a single stroke, it is necessary to consider:

First. The conditions which the stimulus of the bounty has brought about in the home markets of Europe;

Second. The effects produced in the markets of the world;

Third. The nature, number, and amounts of the bounties paid by the several countries of Europe; and

Fourth. The particular relation of the abolition of these bounties to the sugar industry of Cuba and to proposed aid to her sugar industry by the United States in whatever form such aid may be considered, in view of the action of the Brussels conference.

In order to simplify the consideration of the subject, we shall confine ourselves to an examination of the bounty system of Germany, as the same is typical of the various systems adopted by the several countries of Europe.

As soon as the beet sugar industry of Germany became of any importance to that country, its sugar was subjected to an excise tax, as whisky is in our country,

which tax was remitted on sugar exported to foreign countries. The method employed in imposing the excise tax and of remitting it on export sugars was such that as the methods of manufacture and the sugar content of the beet improved, and the number of pounds of sugar extracted per ton of beets increased in consequence, an actual export bounty came accidentally into existence.

The enormous advantage of the development of the beet-sugar industry to farming and all other interests in Germany had meantime become so apparent that the advantage of this accidental bounty was recognized, and an attempt to abolish it resulted only in obtaining for it the sanction of the law, and future attempts to reduce or abolish this bounty have hitherto resulted only in its increase.

The remittance of the excise tax on exports and the export bounty, and recently the "cartel" bounty, which is likewise an export bounty, have stimulated enormously the production of beet sugar in Germany and created an immense surplus for export. At the same time as the excise tax and bounties have been paid for by the German consumer of sugar the price of sugar in Germany has necessarily been raised to such a high figure as to reduce to a minimum the home consumption of sugar, thereby augmenting still further the amount to be exported to foreign countries.

It becomes very apparent, therefore, that this extreme overproduction of sugar, not alone by Germany but by many other of the continental nations, which this year is far in excess of the world's demand, has produced the gravest crisis and the lowest prices for sugar ever known in the history of the world. In other words, sugar is being sold in the markets of the world at a price below its actual and legitimate cost of production in Europe, to an amount equal to the direct, indirect, and "cartel" export bounties paid by the several countries of Europe.

The abandonment of the European bounty system would seem, at first blush, to be injurious in effect on the sugar industry of Europe, but the high price of sugar to the consumers resulting from the bounties has so reduced home consumption as to leave an unmanageable surplus for export. The reduction of the price of sugar, consequent upon the abandonment of the export bounty system, will so increase home consumption that the loss in exports of sugar will ultimately be offset and doubtless exceeded by the gain at home.

In the case of Germany, the direct Government bounty on exports of raw sugar is 27 cents per 100 pounds, while the "cartel" export bounty amounts to \$1 per 100 pounds.

Germany's production the past season was 2,200,000 long tons, while her home consumption fell to only 800,000 tons, leaving a surplus for export of 1,400,000 tons. The export bounties on this amount of sugar would reach the enormous sum of \$38,500,000 on the surplus crop of a single year in Germany alone. Of this amount \$7,700,000 will be paid by the Government itself out of the \$40,000,000 of excise tax collected on the 800,000 tons of sugar consumed at home, and the balance of \$30,800,000 is paid through the operation of the "cartel." The entire amount of the excise tax and of the "cartel" bounty is obtained out of the German consumers, making the tremendous aggregate of \$70,800,000 for a single year. In addition to this the consumer has to pay a profit to the cartel. Is it any wonder, then, that the resulting retail price of sugar in Germany is from 8 to 9 cents per pound, and that the home consumption has been reduced about 100,000 tons in the past year, coincidently with an increased production of 200,000 tons?

In Austria the "cartel" export bounty alone amounts to \$1.45 per pound on raw sugar and to give the figures in her case would be to repeat the story told above.

The Brussels agreement is to go into effect September 1, 1903, and its postponement for one more crop season has been to allow the farmers so to arrange the rotation of their crops that the reduction of the sugar production of Europe may be arranged with as little injury to them as possible. If no agreement had been arrived at at the Brussels conference the low price of sugar would nevertheless have largely reduced the acreage planted in beets during the coming season, as the low price of wheat a few years ago reduced the sowings of wheat in this country, but with the fact in mind that the European producer is not going to receive any export bounty in the succeeding year on any surplus of sugar left in hand from the crop of the coming year the incentive toward a reduced acreage will be immediate and doubly strong. The postponement, consequently, of the going into effect of the Brussels agreement until another crop season has been passed will not operate to postpone its beneficial effect upon the markets of the world.

A full confirmation of this opinion is obtained in the following cablegram just received at Washington from Sir Neville Lubbock, Great Britain's representative at the Brussels conference, London, March 10, 1902:

"Expect 12 per cent reduction in sowings this year. Too soon to say much about next year.

"LUBBOCK."



Twelve per cent reduction in the beet acreage of Europe would mean, even were the usually favorable climatic conditions of last year to continue this season, a reduction of about 850,000 tons which would be equal to the entire estimated crop of Cuba for the present year.

Lastly, General Wood has stated in his letter of January 30, 1902, directed to the members of the Fifty-seventh Congress:

"The present prices of sugar are lower than ever has been known; the overproduction of bounty-fed sugars has been the principal cause of this condition."

A solution, therefore, of the vexed question now before Congress has been found, giving to Cuba entire relief from her present alleged distress, greater in amount than any aid which could be given her by Congress without the entire ruin of our domestic sugar industry, and a direct violation of the specific pledge of the Republican party to give to that industry "such protection as would lead to the production on American soil of all the sugar which the American people use and for which they pay other countries more than \$100,000,000 annually."

The effect of the abolition of European bounties will be to reestablish the refining industry of England, and to open a market for Cuba there to compete with the American market for the purchase of her raw sugar.

The effect of the Brussels agreement will be, further, to break the sugar trust's hitherto control of the raw sugar market of America, and, likewise, of the world.

As a matter of fact, Cuba's sugar will continue to come almost exclusively to this country in the future, as it has always in the past, by reason of her proximity, but the sugar trust, in view of the Brussels agreement, will be compelled to pay the Cuban in future the full equivalent price or parity of Hamburg sugar in the New York market, which price in the world's market will no longer be reduced by the enormous export bounties of Europe.

HEYWARD G. LEAVITT.

Mr. LEAVITT. The effect of the Brussels agreement will be to restore the sugar-refining industry of England, as she will no longer be able to import refined sugar below its cost of production. The English market then, after the going into effect of the Brussels agreement, will be a competitor of the American market for Cuban sugars; and the Cuban thereafter, unless there is a combination between the refineries of England and America, will receive the world's price for his sugar, which price in the markets of the world will no longer be reduced by the enormous export bounties of Europe.

The cartel is a combination of the raw-sugar producers and the refiners of Germany, and a similar agreement exists between the manufacturers and refiners in Austria and in Austro-Hungary, whereby a fixed price per pound is guaranteed to the raw-sugar manufacturer on every pound of sugar which he exports or which he refines and does not sell for home consumption, all sugar for home consumption being produced by the refiners. This combination is possible by reason of the import duty of  $4\frac{1}{2}$  cents per pound. There is an internal-revenue tax in Germany of between 2 and  $2\frac{1}{2}$  cents a pound. The difference between the import duty and the internal-revenue tax is called the surtax, and it is this surtax which the Brussels agreement has decided to reduce to the uniform figure of about half a cent a pound in all the countries of Europe, thereby doing away with the ability to pay export bounties.

As the surtax, so called, is the difference between the import duty and the internal-revenue tax, where there is no internal-revenue tax the import duty would be the surtax. The internal-revenue tax is different in different countries, and the tax is levied on the refineries. That is the reason that the production of refined sugar in raw-sugar factories is not encouraged in Europe. Mr. Rionda has testified that the proposed Cuban reciprocity bill as it passed the House, in his opinion, abolishes the countervailing duty on both raw and refined sugar, as well as the differential duty on refined sugar. It is my

recollection that the reduction of the duty to \$1.82½ a hundredweight applies only on sugars above 16 Dutch standard or that have gone through a process of refining. Therefore the countervailing duty would not in any event be taken off raw sugar if his contention were correct that the abolition of the differential duty also removed the countervailing duty.

Mr. T. Jefferson Coolidge, of Boston, of the United Fruit Company, informs me that his factory is making money at the present low price of sugar in Cuba, and that it is his opinion, and he is so advised, that all the modern mills in Cuba are likewise making a small profit.

The committee thereupon (at 11.55 o'clock a. m.) adjourned until Thursday, May 15, 1902, at 10 o'clock a. m.

WASHINGTON, D. C., *May 15, 1902.*

The committee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

### TESTIMONY OF HEYWARD G. LEAVITT—Resumed.

Senator TELLER. Mr. Leavitt might commence where he left off yesterday, I think.

The CHAIRMAN. Before you go on, Mr. Leavitt, I will state that I understand this to be a hearing to determine certain facts, and not to listen to arguments on the whole question.

Mr. LEAVITT. Yes, sir.

The CHAIRMAN. I do not want to attempt to limit unreasonably what Mr. Teller thinks is pertinent to the issue here; but if one interested party is to come in here and argue this matter, we ought to allow people on the other side to argue it as well.

Senator TELLER. That is what has been done. You started with Mr. Havemeyer.

The CHAIRMAN. I have not argued the question of reciprocity at all. I confined Mr. Havemeyer and every other witness, as I thought, closely to the facts bearing on this hearing, and I tried to be careful not to go outside of it.

Mr. LEAVITT. What I wanted to say now was merely in continuation of my answer to Mr. Rionda's statement; and I was about to give the authority for the figures to which I referred yesterday, which I presume is proper.

The CHAIRMAN. Yes.

Senator TELLER. Certainly, Senator, it was in order for us to hear what Mr. Havemeyer and Mr. Kelly and these other men stated about their conclusions. They gave their conclusions. I did not know but that I could have raised some question about it; but I did not see how we would get at the facts unless we did get a good deal of such testimony, so I did not. I think Mr. Leavitt yesterday kept himself more strictly within the inquiry than anybody else we have had on the stand at all.

Mr. LEAVITT. I desire especially to call to the attention of the committee the fact that the figures I gave yesterday as to the average mar-



ket price f. o. b. of raw sugar at the port of Habana and at the port of Hamburg for the fiscal year ending June 30, 1901, were not my own, but those of the Treasury Department. The mere fact that the Cuban planter can not realize, in the only market open to him outside of the United States, any advantage existing in our tariff in his favor, or proposed to be given him in any modification of the same, is the reason that the refiners in this country are able to obtain their sugars at practically the prices Cuba can realize in the only other market open to her. In other words, during the past fiscal year the refiners have captured the entire advantage of the countervailing duty; and if they are not to get the benefit of the almost equivalent additional advantage which it is proposed to give them, it would be implied that the refiners are willing to make the Cuban planter a present of the concession.

The other matter I wanted to bring to the attention of the committee was in answer to Mr. Havemeyer's statement that the cause of the so-called Missouri River sugar war was the fact, as he alleges, that the contracts made by the Nebraska and Colorado factories contained an exclusive clause, which forbade the jobbers from purchasing sugars from any other than the beet-sugar manufacturers.

Mr. Havemeyer has testified that there was at least a difference of 10 cents in value between standard cane granulated sugar from the refineries and standard granulated beet sugar, and that it was not to this feature of the contract that he objected, but to its alleged exclusiveness. The American Sugar Refining Company manufacture beet sugar in their Spreckles factory; and last year, during the so-called war, they sold this sugar at 20 cents a hundredweight under the price of their own cane granulated sugar, instead of 10 cents a hundredweight, as the beet-sugar factories did.

I would like at this point to offer in evidence the original contracts made by the Standard Beet Sugar Company with the jobbers for the sale of its sugar in contradiction of the statement Mr. Havemeyer made that an exclusive clause was contained therein.

The CHAIRMAN. Which is the contract?

Mr. LEAVITT. That is the contract; that is the way it is drawn. It is an acknowledgment of an order signed by our broker. Two of our contracts contain the words "bona fide," which were used in all the contracts the previous year, but we thought the expression "market price," or "open market price," was better, and substituted it in all but two. That was an oversight. The contract in the other form is there. That contract was with Stewart Brothers, of Council Bluffs, Iowa.

Senator TELLER. They were all alike, were they not?

Mr. LEAVITT. They were all alike; yes, sir; with the single exception that a word of equivalent meaning was substituted.

The CHAIRMAN. Do you want to put in more than one?

Mr. LEAVITT. Yes, sir; because this one contains the word "open." That is with Hargreave Brothers. I will put in the letter from Hargreave Brothers cancelling the contract when we refused to deliver sugar at the special price made by the trust, which refusal was made because the price made by the trust was not an open-market quotation. There are three contracts: one with Stewart Brothers, of Council Bluffs—

Senator TELLER. I suppose you need not put in more than one.

Mr. LEAVITT. They are different in one word. I can leave out the one with May Brothers.

Senator TELLER. Put in one of each kind. There are only two, I think you said, of one kind.

Mr. LEAVITT. There are only two.

The CHAIRMAN. Are the words written across the face of the paper or any part of it?

Mr. LEAVITT. Those words were written when the contracts were cancelled.

The CHAIRMAN. Do you want that printed?

Mr. LEAVITT. Just as you please.

The CHAIRMAN. It will have to be printed down at the bottom.

Mr. LEAVITT. Yes.

(The papers above referred to are as follows:)

OMAHA, NEBR., *September 16, 1901.*

STEWART BROS.,  
*Council Bluffs, Iowa.*

DEAR SIR: We beg to acknowledge receipt of your order of this day for 2,500 sacks of beet standard fine granulated sugar on the basis of \$5.17 per hundredweight net cash, f. o. b. sugar factory, freight prepaid, and have entered same on the following terms, viz: All bills are payable in Eastern exchange and due in ten days from date of invoice. The sugar to be taken between the time sugar factories commence manufacturing and December 31 next. Each shipment will be billed at 10 cents per 100 pounds less than the *bona fide* price of standard fine cane granulated that may be in effect in Council Bluffs on date of arrival of sugar at that point, but at no time will the price exceed \$5.17 net cash, and it is agreed that the sellers reserve the right, and without liability, to cancel all or any portion of this contract, they may be unable to fulfill through any cause over which they have no control.

P. CAVANAGH & SON,  
*Agents Standard Beet Sugar Company.*

(Across the face: Cancelled October 9, 1901, by Bonham, who returned the original to us.)

OMAHA, NEBR., *September 6, 1901.*

HARGREAVE BROS., *Lincoln, Nebr.*

DEAR SIR: We beg to acknowledge receipt of your order of September 5 for 3,000 sacks of beet standard fine granulated sugar on the basis of \$5.20 net cash, f. o. b. sugar factory, freight prepaid, and have entered same on the following terms, viz: All bills are payable in Eastern exchange and due in ten days from date of invoice, the sugar to be taken between the time sugar factories commence manufacturing and December 31 next. Each shipment will be billed at 10 cents per 100 pounds less than the American Sugar Refining Company's open price of standard fine cane granulated that may be in effect in Lincoln, Nebr., on date of arrival of our sugar at that point, but at no time will the price exceed \$5.20 net cash. Each shipment is guaranteed against any open differential to the extent of 20 cents per 100 pounds between beet sugar of equal quality and standard fine cane granulated that may be in effect at Lincoln, Nebr., the day our sugar reaches there, the seller reserving the right to cancel any unfilled portion of this order. They may refuse to sell at a greater differential than 20 cents below the price of standard fine cane granulated, and it is agreed that the sellers reserve the right, and without liability, to cancel all or any portion of this contract they may be unable to fulfill through any cause over which they have no control.

P. C. & SON,  
*Agents Standard Beet Sugar Company*

(Across the face: Cancelled November 5, 1901, as per attached letter.)

LINCOLN, NEBR., *November 5, 1901.*P. CAVANUGH & SON, *Omaha, Nebr.*

GENTLEMEN: From the fact you are not willing to meet price on sugar made by the Sugar Refining Company, it would probably be best for you to cancel our contract given you under date of September 6. We regret this, as we would like to do business with you, but it looks to the writer that we are just in the commencement of one of the worst sugar wars this country has ever seen. We see from the newspapers they are already opening up headquarters in Washington for battle between the trust and outsiders, with Senator Aldrich championing the fight for the trust and the Oxnards for the outsiders. If you are willing to meet American price, call us up over the telephone, as we will have to buy car this week.

Yours, truly,

HARGREAVES BROS.

Mr. LEAVITT. On the 2nd day of October the American Sugar Refining Company's price for granulated sugar on the Missouri River was \$5.12½ a hundredweight, and in the afternoon of that same day they put in a special price of \$3.50 a hundredweight, not withdrawing their regular price, which was an open-market price.

Senator TELLER. That is, \$5.12½?

Mr. LEAVITT. \$5.12½; yes, sir. The purpose of this special price was to compel our company and other beet-sugar companies similarly situated to deliver sugar at the ruinous rate established by the special price, but as our contract contained a saving clause that the price therein should be determined by the open or the bona fide market price, we were not compelled, nor did the jobbers compel us, to follow the special price established by the American Sugar Refining Company.

Shortly after the 5th of October the American Sugar Refining Company raised its special price to 4 cents, and sold sugar to the jobbers in Council Bluffs on condition that the price to them should be 4 cents for delivery to their customers in Nebraska, but for delivery of the same sugar to their customers in Iowa it should be on the regular open-market price. The condition of the sale for Nebraska delivery was that the price to the consumer should not exceed 4½ cents a pound, or \$4.25 a bag of a hundred pounds, the purpose being to prevent the sale of our sugar at a profitable figure direct to the consumers in our own State. These two contracts and the letter cover the matter. The others are merely duplicates.

Our sole agents, or brokers, for the sale of our sugar were Messrs. P. Cavanugh & Son, of Omaha, Nebr., who had likewise been the brokers of the American Beet Sugar Company since the Grand Island factory was built in 1890, and had also been and were at the time of the inauguration of the Missouri River war the brokers of the American Sugar Refining Company.

I wish to state that it is not my belief that Mr. Havemeyer saw any blank form of contract sent to him by his brokers in Nebraska that contained an exclusive clause, for no such feature was ever even considered by the beet-sugar companies. I challenge Mr. Havemeyer to produce such a blank form of contract or to give the name of the broker or brokers who forwarded the same to him; and if he does so, I should like that such brokers be called here to testify as to this alleged blank form of contract.

I also offer in evidence the blank form of contract which was sent to all the jobbers, which was in the hands of the sugar trust's brokers at Omaha, and which is the only form of blank contract that was drafted or considered. There had never been any objection on the part of the American Sugar Refining Company to the form of this contract. There was no secret regarding it, and the fact that our company, the

American Beet-Sugar Company, and the American Sugar Refining Company have for years employed the same broker for the sale of their sugar in Omaha is conclusive testimony, or should be, as to Mr. Havemeyer's knowledge of the whole transaction.

(The blank form of contract above mentioned is as follows:)

\_\_\_\_\_,  
\_\_\_\_\_,

OMAHA, NEBR., \_\_\_\_\_, 190—.

We beg to acknowledge receipt of your order of \_\_\_\_\_ — for \_\_\_\_\_ sacks of beet standard fine granulated sugar on the basis of \_\_\_\_\_ net cash f. o. b. sugar factory, freight prepaid, to \_\_\_\_\_, and have entered same on the following terms, viz: Date of bills will correspond with date of arrival of sugar at destination, and are payable in Eastern Exchange and due in ten days from date of invoice. The sugar to be taken as follows: \_\_\_\_\_ sacks during August, \_\_\_\_\_ sacks during September, \_\_\_\_\_ sacks during October, \_\_\_\_\_ sacks during November. Each shipment will be billed at \_\_\_\_\_ per 100 pounds less than the American Sugar Refining Company's open price of standard fine cane granulated that may be in effect in \_\_\_\_\_ on date of arrival of our sugar at that point, but at no time will the price exceed \_\_\_\_\_.

Each shipment is guaranteed against any open differential to the extent of 20 cents per 100 pounds between beet sugar of equal quality and standard fine cane granulated that may be in effect at \_\_\_\_\_ the day our sugar reaches there, the seller reserving the right to cancel any unfilled portion of this order; they may refuse to sell at a greater differential than 20 cents below the price of standard fine cane granulated, and it is agreed that the sellers reserve the right and without liability to cancel all or any portion of this contract they may be unable to fulfill through any cause over which they have no control.

Mr. LEAVITT. At the time the special price was put into the Missouri River market, the cost of sufficient raw sugar to make 100 pounds of granulated sugar in New York was about \$4.05 a hundredweight, to which must be added the cost of refining the sugar, and the freight from New York to Omaha on a hundred pounds of sugar, or about 32 cents a hundredweight. It will thus be seen that the trust was selling standard granulated sugar in the territory of the Nebraska and Colorado factories at half a cent a pound below the cost to them in New York of the raw material out of which that sugar was made, without any charge for freight or cost of refining. The purpose was, as must be evident to everybody, to endeavor to ruin the beet-sugar factories.

The establishment of such a price for sugar naturally crippled the borrowing power of the beet-sugar companies.

The result of the sugar war was that our company was compelled to put about 45,000 bags of sugar in storage, or four and a half million pounds. Every attempt since to find a market for this sugar has been met by a special cut price put in by the American Sugar Refining Company below the regular price at which it was selling sugars elsewhere at that time throughout the country.

I would like to offer in evidence this portion of a letter from our brokers relating to this matter:

The New Orleans-Missouri River price is and has been for some time \$4.83, less 1 per cent for cash on the open market; but the sugars that the river jobbers are using at present they purchased from New Orleans on the 28th ultimo (that is, April) at \$4.73, less 1 per cent for cash, which was a special price for that day for the Missouri River trade only. The trust representative here is advising the trade that they expect to have a special price in effect again in a few days, but can not tell as yet how cheap it will be.

The date of this letter is May 8.

The CHAIRMAN. Of this year?

Mr. LEAVITT. Yes. That is to show what they are doing now.

In pursuance of the special price announced in that letter as about to be put into effect by the trust, I have the following word in this telegram from our brokers, dated Omaha, Nebr., May 12, which I will also offer in evidence. This time the cut comes from the New York refineries of the sugar trust:

Trust New York selling special price equal to four sixty-three net. Omaha shipments spread to July 1 via water to Galveston (thence by rail). Price on arrival guaranteed.

That is signed by Cavanagh & Son.

My understanding of this telegram is that the trust guarantees to deliver sugar at Omaha until the 1st day of July at a price not in excess of the one mentioned in the telegram, regardless of any rise which may take place hereafter in the market price to the 1st of July.

The effect of this, of course, is to kill our trade. The only remedy is for us to ship our sugars east to Chicago or New York, or some large market, at a great disadvantage in freight rates, as rates on sugar are established for shipment from east to west, that being the direction in which sugar has always moved hitherto, and not on shipments from the West to the Eastern markets.

I think that is all about the Missouri River war.

Mr. Havemeyer, in his testimony, denied that the sugar trust had any interest in the pending legislation, and likewise that the trust or its officers had ever done anything to advance such legislation. This testimony was directly contradicted by Mr. Donner, the advertising agent of the sugar trust, who admitted the publication by the Woolson Spice Company (a controlled and allied company of the sugar trust), and the payment for their insertion in the public press of articles tending to influence the public in favor of such legislation, such articles being inserted in the so-called "patented interiors" of Western newspapers, but not as advertising matter. I think he stated that there was no word "advertisement" attached to these articles.

Mr. Havemeyer in his testimony states that the consumer will receive no benefit whatever from the proposed reduction of the duty on raw sugars coming from Cuba, yet in face of this knowledge and fact he gives sanction to and orders the publication and circulation of articles holding out to the public the hope and promise of cheaper sugar to the American consumer if a reduction is made on raw sugar coming from Cuba. In other words, he has practiced a direct fraud on the people of the United States.

This should be sufficient to connect the sugar trust with the legislation which is sought nominally in behalf of the Cuban planter, but I wish to bring a few more facts to the attention of the committee.

Mr. F. B. Thurber, president of the United States Export Association, and likewise president of the National Pure-Food Society of America, appeared before the Committee on Ways and Means in behalf of a reduction of duty on raw sugar coming from Cuba, stating that he was receiving no emolument from the sugar trust or its officers, and had no interest in securing the proposed legislation except for the benefit of the societies he represented. His action as president of the National Pure-Food Society in circulating papers and petitions to Congress out West, setting forth the great advantage that would accrue from such reduction of the duty on Cuban raw sugar to the consumer of refined sugar in a lower price for the same, was repudiated by the directors of that society, a record of which is in the testimony taken before the Committee on Ways and Means.



The very article which he used chiefly for circulation and exposition was an article that appeared in the *Statistical Journal*, published by Willett & Gray, who are brokers of the sugar trust. This article was also published in the pamphlet which Mr. Donner printed and circulated throughout the country in behalf of the Woolson Spice Company, which is a controlled company of the sugar trust, and deals in coffee and not in sugar.

The mass meeting that was held in Carnegie Hall, in New York, was gotten up under the auspices of this same Mr. Thurber, as president of the United States Export Society, and of Mr. Shepherd, of the firm of Parsons, Shepherd & Ogden, of New York City.

Senator TELLER. What is their business?

Mr. LEAVITT. They are lawyers, and have been since the foundation of the sugar trust, its attorneys; and the senior member of the firm, Mr. John E. Parsons, is and has been a director of the sugar trust.

Hearing of this mass meeting that was to be held, I called at the office of this firm, and Mr. Parsons being in Europe, I requested of his son, who is likewise a member of the firm, an interview with Mr. Shepherd for the purpose of obtaining permission to speak a few words at this meeting to show that I, as a beet-sugar manufacturer, was not opposed except on principle to aid to the industry of a foreign country, but only to its taking a form in which the proposed aid would not go to the benefit of the Cuban planter, but accrue entirely to the benefit of the sugar trust.

Mr. Parsons interviewed Mr. Shepherd for me, and returning said that he was very sorry that they could not give me permission to speak at this meeting. He then said, further: "You know how these things are arranged. The speaking is all provided for and we do not care to hear anyone on the other side; but," said he, "why don't you get up a meeting of your own?" To which I replied: "I am very glad to learn that this is a sugar-trust meeting." His answer was: "Is that what you came down here to get me to say?" To which I replied: "No, Parsons; but you gave me such a beautiful opportunity that I could not help taking advantage of it."

This Mr. Thurber, who in company with the attorney of the sugar trust got up this mass meeting in favor of a reduction of the duty on raw sugar coming from Cuba, is and has been the paid lobbyist of the sugar trust, under receipt of a salary of \$5,000 a year.

The question naturally arises in any unprejudiced person's mind, referring again to the pamphlet issued by Mr. Donner for the benefit of the sugar trust or the Woolson Spice Company, whether many of the articles that were published in the newspapers of the United States and appear in this pamphlet circulated by Mr. Donner for the benefit of the sugar trust did not have a similar origin to that of the pamphlet itself.

I wish to add a little concurrent testimony to my assertion that the National Sugar Refining Company is controlled by the sugar trust. Mr. Armstrong, of the New York Produce Exchange (whose firm, I believe he testified, has for a hundred years been interested in the importation of sugar in America), testified, on page 78 of the testimony before the Ways and Means Committee, that it was an allied or controlled company of the sugar trust. His testimony will speak for itself.

At the time when the companies which now compose the National Sugar Refining Company were consolidated under the name of the



present company, a member of the firm of Arbuckle Brothers told me that the sugar trust had purchased control of the National Sugar Refining Company, and had gotten hold of it very cheap.

Mr. Havemeyer, as I stated yesterday, on page 107 of his testimony before the Industrial Commission, in 1900 gives the proportion of the refined American product handled by the sugar trust as 90 per cent, and the proportion would have been much smaller if the National Sugar Refining Company had not been then controlled by the sugar trust.

Mr. Post, the president of that company, appeared before the Ways and Means Committee and testified in favor of a reduction of the duty on raw sugar coming from Cuba, stating that a majority of the stock of that company was in his name and control—a fact which I do not doubt at all—the control undoubtedly being nominally in Mr. Post as he asserts, but practically or actually in the American Sugar Refining Company.

I think what I have testified is sufficient to connect the sugar trust directly with an attempt to secure this legislation in which they deny that they have any interest, and from which they assert they will derive no benefit.

The special agent of the sugar trust who instituted and conducted the Missouri River war on the ground was Mr. Lounsbery.

The statement has been made that Hawaii derived full benefit from the admission of its sugars free into the United States. If this be a fact, it is due solely to the establishment by the Hawaiian planters of a refinery on the Pacific coast to which they could sell their sugars at the full market value when denied the same by the brokers of the sugar trust, as had been the custom prior to the establishment of this refinery.

I am just in receipt of advices from a jobbing house in San Francisco that the sugar trust has succeeded, after a sharp war on the Pacific coast, in purchasing or securing the control of this sole rival refinery on the Pacific, which is situated at Crockett.

The assertion has likewise been made that Porto Rico derived the full benefit of the reduction in duty of 85 per cent of the Dingley rates made to it during the last fiscal year. To see whether this be true or not, we have to again refer, taking the figures of the Treasury Department, to the average cost of raw sugar f. o. b. Porto Rico and f. o. b. Cuba, for having already shown the price the Cuban planter received during the last fiscal year for his sugar, we can compare it with the price received by the Porto Rican. The freight is practically the same from the two countries.

Senator TELLER. You mean from Porto Rico and Cuba?

Mr. LEAVITT. I mean from Porto Rico and Cuba. Therefore we have only to consider the difference in the duty paid.

The duty paid by the Cuban planter for the admission of his sugars into the United States under our tariff was \$1.68½ a hundredweight. The duty remitted, or the reduction of duty in favor of the Porto Rican, was the difference between 15 per cent of the tariff, or 25.2 cents a hundredweight and \$1.68½ a hundredweight, or \$1.43⅓ a hundredweight advantage that the Porto Rican enjoyed over the Cuban planter. The actual difference in price is \$1 a hundred, or a cent a pound, showing that the refiners of America had given to the Porto Rican planter 1 cent a pound of the tariff reduction and had themselves absorbed 0.43 of a cent a pound, besides the countervailing duty which they had absorbed from the Cuban planter during the same period.

Senator TELLER. When they should have given them the whole?

Mr. LEAVITT. When they should have given them the whole under their assertion.

I want to state that the average sugars coming from Porto Rico during the year in question were slightly below 96 standard, but not sufficiently to equal the advantage which the sugar trust had appropriated from the Porto Rican planter. I want to state, also, that in the year in question there was not an overproduction of sugar in the world, but rather a shortage, as is evidenced by the fact that granulated sugar sold in New York City at about 6 cents a pound.

The CHAIRMAN. What year was that?

Mr. LEAVITT. That was in 1900-1901, sir.

The CHAIRMAN. From what time?

Mr. LEAVITT. From July 1, 1900, to July 1, 1901.

Senator TELLER. The fiscal year?

Mr. LEAVITT. The fiscal year.

The result was that the Porto Rican was able to realize a larger proportion by far of the advantage given to him than he would in a year where there was a surplus of sugar pressing on the market of the United States from every quarter of the globe, as there exists to-day.

The statement has also been made that the Louisianan received the full market price for sugar, or Hamburg parity; whereas Mr. Post, in his testimony, says that on an average the Louisiana planter receives three-eighths of a cent per pound less; or, in other words, that the refiners rob him of three-eighths of a cent a pound, as they do the Cubans of over a quarter of a cent a pound. That is Mr. Post's testimony before the Ways and Means Committee.

Col. Tasker H. Bliss, who appeared here in behalf of the Cuban planters, states it as his opinion that of any proposed reduction of the duty on raw sugar coming from Cuba the Cuban planter would get only 30 per cent. He states that on page 396 and on pages 391-392.

That it should be otherwise would simply mean that Mr. Havemeyer is so poor a business man that he is going to pay the Cuban planter a larger price for his sugar than he can realize in any other market in the world. I do not think Mr. Havemeyer is in business for his health.

On the date on which I made my argument before the Ways and Means Committee, the 22d of January last, I showed from the market quotations of the previous day (as I explained yesterday), that at that time the sugar trust was absorbing the entire countervailing duty and a large portion of the freight advantage existing in Cuba's favor in the New York market over the London market.

The moment this fact was laid bare, and the evident conclusion that would follow therefrom was known to the sugar trust, they advanced the price of Cuban sugar in New York and Habana coincident with a decline in the Hamburg market, thereby seeking by bringing the markets to a parity to cover up the fact that I have brought out, and to nullify the force of the argument and conclusion that must logically follow therefrom.

The average of a year where no tariff legislation was in prospect or contemplation can be fairly taken as establishing beyond question the fact that I have asserted regarding the absorption by the sugar trust of the entire countervailing duty of 27 cents a hundredweight existing in the Cuban planter's favor in our present tariff.

I think that is all I wanted to say.

The CHAIRMAN. You have spoken of some Treasury figures. Where do you get them?

Mr. LEAVITT. I get them from Mr. Hitchcock, the chief of the section of foreign markets of the Agricultural Department.

The CHAIRMAN. Have they been put into the testimony?

Mr. LEAVITT. They are in the testimony; yes.

The CHAIRMAN. In the House?

Mr. LEAVITT. I think in the House. They were collated by Mr. Hitchcock. I had never seen Mr. Hitchcock until the other day, when I went over to ask him where he had obtained the figures.

The CHAIRMAN. Then some man by the name of Hitchcock, in the Agricultural Department, has furnished you what he says is the average price of sugar for the year, as shown by Treasury statistics? That is what you mean by Treasury statistics, is it?

Mr. LEAVITT. Yes, sir; they are the records of the Treasury Department, but he did not furnish them to me. He furnished the Agricultural Department with those figures. He is the head of the section of foreign markets.

The CHAIRMAN. Then these Treasury statistics of the average price of sugar for the year are not anything that you have gotten from the Treasury Department?

Mr. LEAVITT. Myself?

The CHAIRMAN. Yes.

Mr. LEAVITT. No, sir.

The CHAIRMAN. And you do not know anything about whether they are correct or not, except that Mr. Hitchcock has given them to you?

Mr. LEAVITT. That he collated them himself—

Senator TELLER. Senator Platt, if there is any question about their veracity I will undertake to prove it. If you do not think that is sufficient proof I will call someone who can verify it, as I do not propose to have any question raised about it when we come to consider this matter.

Mr. LEAVITT. I thought, Senator Platt, of going there myself and getting the figures, but I knew that my collation of the figures would not be accepted, as they would be taken as partisan, whereas I thought they would be in a measure authoritative as coming from the Agricultural Department. They were not prepared for me.

Senator TELLER. They were not prepared for you?

Mr. LEAVITT. No, sir.

Senator TELLER. Who gave them to you?

Mr. LEAVITT. They came from Mr. Saylor. They were figures which he and Mr. Hitchcock prepared. He was the sugar expert of the Agricultural Department, and they are contained, I think, in the Yearbook of the Agricultural Department; I am not sure, however.

The CHAIRMAN. All of your computations, from which you argue that the Cuban planter got no advantage from the countervailing duty, depend upon the correctness of the figures you have seen?

Mr. LEAVITT. I have not seen the figures from the Treasury Department. I have simply taken the figures as given to me; but I have compared the Hamburg price with the figures of Licht, of Magdeburg, the great statistician of Europe, and have found them correct. They are figures that are accepted, I think, everywhere—by Dureau, of Paris, the great French statistician, and by Licht, of Germany. I

have compared several of these years, including 1901, and have found no error in the figures I have gotten from the Agricultural Department.

The CHAIRMAN. Are the results you get from these alleged average prices entirely satisfactory to you?

Mr. LEAVITT. They are satisfactory to me; yes, sir. It is the only thing that explains to me the interest the trust has in this legislation.

The CHAIRMAN. You seem to be very much disturbed by the interest of the trust in this legislation.

Senator TELLER. Do you wonder at that?

Mr. LEAVITT. For this reason, Senator Platt, that it makes no difference who owns to-day the raw sugar in Cuba. If the facts that are brought forth here are true, the refiners will get the benefit of the reduction no matter who owns the sugar in Cuba to-day.

The CHAIRMAN. You have some interest in this legislation yourself, have you not?

Mr. LEAVITT. A very material interest, because——

The CHAIRMAN. And you have been trying to influence this legislation, have you not?

Mr. LEAVITT. I have; yes, sir, openly; and have attached my name to everything I have done.

The CHAIRMAN. And you think the sugar trust ought not to try to influence it at all?

Mr. LEAVITT. I think it is perfectly proper of the sugar trust to influence legislation, but I do not think it is proper to say that they are not trying to influence legislation, and have no interest in it, and at the same time work at it in an underhand way. It is very apparent that if it is known that they do not want it known that they are going to be benefited by this legislation, the legislation designed for Cuba is going to them instead of to the Cuban planter.

The CHAIRMAN. Do you mean to say that Porto Rican sugars sold in the market in New York during the reduction of 85 per cent at a less price than Cuban sugars?

Mr. LEAVITT. No, sir; but at a price——

The CHAIRMAN. No; I want you to answer that question. You do not mean to say that the price for Porto Rican sugar in the New York market was any less per pound than that of Cuban sugar during the period of the reduction?

Mr. LEAVITT. I can not answer that question, Senator Platt, for the reason that there are two questions involved in it. I mean to say, and I state, that the Porto Rican has obtained an advantage, and the greater proportion of the advantage, from this large reduction of the duty.

The CHAIRMAN. I do not want to argue this matter with you. My question is a very simple one.

Mr. LEAVITT. Yes, sir.

The CHAIRMAN. Did Porto Rican sugar sell in the New York market during the period of this reduction, for any less per pound than Cuban sugar?

Mr. LEAVITT. No, sir.

The CHAIRMAN. Does it to-day, when there is no duty?

Mr. LEAVITT. No, sir; it sells for more.

The CHAIRMAN. Then the refiners in this country are not reaping the benefit of taking off the duty on sugar from Porto Rico, are they?

Mr. LEAVITT. Only in part.

The CHAIRMAN. You think it ought to sell for more?

Mr. LEAVITT. To bring it up to Hamburg parity, yes, sir.

The CHAIRMAN. For the same test?

Mr. LEAVITT. On the basis of the same test.

The CHAIRMAN. And you arrive at that by your complicated figures, which I can not understand.

Mr. LEAVITT. Did you understand, Senator Platt—

The CHAIRMAN. Why does not Porto Rican sugar sell to-day in the New York market for \$1.68½ a hundred less than Cuban sugar, if the refiners get the advantage of it?

Mr. LEAVITT. Because the amount of the sugar is small and the reduction is very large. I have all along testified that if a large reduction were made in the duty on Cuban sugars the planter would get a benefit therefrom.

Senator TELLER. That is Mr. Leavitt's position in the House, as you will see by the record.

Mr. LEAVITT. But if it is small the sugar trust could appropriate anywhere from a portion to the whole of it, dependent on the market conditions; and to-day, there being a surplus of over a million tons of sugar pressing on the markets of the world, those market conditions are favorable to the absorption.

I wish to say, further, that if there were even eight or ten refineries in the United States competing for the purchase of Cuban raw sugar, the Cuban would get the greater part, if not all, of a moderate reduction of the duty in his favor.

The CHAIRMAN. Do you not think there are seven?

Mr. LEAVITT. No, sir; if they were competing, they would have given the Cuban the advantage of the countervailing duty. They would not have allowed on one day a difference of a third of a cent a pound to exist against the Cuban, because the competition among the refiners for that advantage, which is undenied, admitted, and uncontrovertible, would have been such that it would have been snapped up by one or the other of the competing purchasers.

The CHAIRMAN. Well, there are competing purchasers, are there not?

Mr. LEAVITT. The Arbuckles and the trust and its allies compete slightly in the sale of sugar. When one gets loaded up or the other gets loaded up, he cuts the market for the sale of his refined sugar 1 per cent; but they do not compete, in practice, in the purchase of raw sugar, and they would be very foolish to do so.

The CHAIRMAN. In other words, they each pay the price of it in New York, or Cuba, or the other markets of the world?

Mr. LEAVITT. They pay the Cuban a little more than he can get by shipping his sugar to England, the only other market in the world open to him.

The CHAIRMAN. And why will they not continue to do so?

Mr. LEAVITT. They will continue, sir, until there comes a rival purchaser in England.

The CHAIRMAN. You think, then, that they will continue to pay the Cuban a little more than he can get by shipping his sugar to any other point?

Mr. LEAVITT. Yes; unless they can get sugar elsewhere. Then they will cease to pay him that difference. Cuba has an advantage in its proximity to the United States; consequently its sugars come here, as well as all the rest of its products.



The CHAIRMAN. If we reduce the duty on Cuban sugar 20 per cent, how much is that a hundredweight?

Mr. LEAVITT. 33.7 cents a hundredweight.

The CHAIRMAN. Do you think, then, that the price of Cuban sugar in this market will go down, as compared with sugar from other markets, 33½ cents per hundred pounds?

Mr. LEAVITT. It is not a question of its going down. It will not advance.

Senator TELLER. It ought to advance.

Mr. LEAVITT. It ought to advance in the port of Havana just 33.7 cents a hundredweight.

Senator TELLER. You think it will not advance?

Mr. LEAVITT. I do not think the refiners of America will pay the Cuban planter 34 cents a hundredweight more than he can realize for his sugar in England, not counting the question of freight. His only remedy, his only hope, is to store his sugar and force the sugar trust to buy sugars elsewhere. But the testimony of Mr. Havemeyer and everybody has been conclusive as to the fact that there is a rapid deterioration of sugar, beginning the first of July or sooner, so that besides paying interest and storage he would lose in the value of sugar if he did not accept a bid from the refineries better than anyone else in the world will make him.

It is also true that if the Cuban does not accept this bid to-day the Java man is only too anxious to accept a bid a little better than he can get in England, and take his place; and the whole sugar of the world is only too anxious to supply the sugar trust at a little better figure, the very slightest concession, over what they can get in the only other market open to the importation of sugar, namely, England.

The Chairman. The price of sugar in New York is what it costs in the country of origin, plus the duty, freights and other things?

Mr. LEAVITT. Yes; insurance, etc.

The CHAIRMAN. Which affect its price?

Mr. LEAVITT. Yes, sir.

The CHAIRMAN. If the duty is 33½ cents less per hundred pounds, that would take off so much from the New York price, would it not?

Mr. LEAVITT. It would, yes; landed in New York.

The CHAIRMAN. Now, do you think the New York price of Cuban sugar landed in New York would be 33½ cents less than the price of Hamburg sugar landed in New York?

Mr. LEAVITT. I believe it, as the price on the 21st of January (which is undisputed) was 32½ cents a hundredweight less than Hamburg sugar landed there; and 4,000 tons of Hamburg sugar came in just at that time.

The CHAIRMAN. That is your theory about it, then?

Mr. LEAVITT. It is not a theory as to that date. Whether that is the condition of a day's market or not is another thing.

The CHAIRMAN. You are talking about a date, and I am talking about the matter in general. Your theory, then, if I understand it, is that if we make this reduction Cuban sugar will sell in New York for 33½ cents a hundred less than Hamburg sugar, the differences in freight being taken into consideration?

Mr. LEAVITT. Yes, sir; with this exception—that no human authority can state what will happen; but as an advantage of over a quarter of a cent a pound existing to-day in Cuba's favor has been absorbed,



for the reason that that advantage can not be realized in the only other market open to the Cuban, we say that an additional advantage would likewise be absorbed wholly or in part by the sugar trust.

The CHAIRMAN. How much sugar does Porto Rico produce?

Mr. LEAVITT. They produce 91,000 tons.

The CHAIRMAN. That was last year. What do they expect to produce this year?

Mr. LEAVITT. I do not know what they expect to produce this year. It may be that it was 77,000 tons the year before.

The CHAIRMAN. Seventy-six thousand.

Mr. LEAVITT. Was it 76,000? I think 91,000 is what they expect to produce this year.

The CHAIRMAN. According to your theory Porto Rican sugar should sell in New York at \$1.68½ a hundredweight less than Hamburg sugar; should it not?

Mr. LEAVITT. Not in New York. It ought to sell on the Hamburg parity in New York; and neither the Porto Rican nor the Cuban sugar sell on the Hamburg parity in New York.

Senator TELLER. Senator, the Hamburg exporter must pay the duty just the same as the Cuban. At the present time they pay the same duty.

The CHAIRMAN. Somebody, either the exporter or the importer, has to pay the duty, I will agree.

Senator TELLER. Yes.

The CHAIRMAN. When sugar comes from Hamburg there is a duty added of \$1.68½, reducing it to 96 test?

Mr. LEAVITT. Yes; on that basis.

Senator TELLER. Then there is the countervailing duty.

Mr. LEAVITT. There is the countervailing duty. That duty is not added on cane sugar. The regular duty it has to pay is on the same basis as Cuban sugar.

The CHAIRMAN. \$1.68½?

Mr. LEAVITT. \$1.68½. It is \$1.63 in the case of Hamburg sugar, because it is a lower test sugar.

The CHAIRMAN. I am speaking of 96-test sugar.

Mr. LEAVITT. Yes, sir; but Hamburg sugar is about 94½° test.

The CHAIRMAN. Sugar comes from Hawaii without paying that duty?

Mr. LEAVITT. It does not pay any duty.

The CHAIRMAN. It does not pay any duty at all?

Mr. LEAVITT. No.

The CHAIRMAN. Therefore, according to your theory, it ought to sell for \$1.68½ a hundred less than the Hamburg parity, ought it not?

Mr. LEAVITT. I have never asserted that. I admitted that if the reduction were large the benefit would go to the planter.

The CHAIRMAN. What difference does it make whether the reduction is large or small? If the refiner can take advantage of the reduction of the duty, why could he not take advantage of the reduction if it was all taken off?

Mr. LEAVITT. Because the advantage would be very great. Theoretically, he could.

Senator TELLER. Practically, he would not?

Mr. LEAVITT. I do not know what he would do practically, but the point is that the amount of sugar produced and that can be produced in Hawaii is limited. It is also limited in Porto Rico.

The CHAIRMAN. Well, there are in round numbers 450,000 tons of sugar coming into this market free, are there not?

Mr. LEAVITT. Yes, roughly.

The CHAIRMAN. Roughly speaking?

Mr. LEAVITT. Yes, sir.

The CHAIRMAN. On that how much reduction is there?

Mr. LEAVITT. About three-eighths of a cent a pound.

The CHAIRMAN. Yet you say it sells at the Hamburg parity in New York?

Mr. LEAVITT. Oh, I beg your pardon. I say it sells below the Hamburg parity.

The CHAIRMAN. In that you disagree with other sugar brokers.

Mr. LEAVITT. No; I agree with Mr. Post, the president of the National Sugar Refining Company. I state that on the coast, before the establishment of a rival sugar factory there, it so sold; but since the refiners built a rival factory there they have obtained practically the Hamburg equivalent, but not quite, according to the testimony of Mr. Post and others.

The CHAIRMAN. Do you think if Cuban sugar was made free the Cubans would then get the same benefit that the Porto Ricans and the Hawaiians now get?

Mr. LEAVITT. I think they would lose a larger proportion of the reduction, and I think in turn the Porto Rican would get less benefit and the Hawaiian less benefit. The more competition there is between favored sugars the greater will be the advantage the trust will be able to realize.

The CHAIRMAN. There is one other matter about which I wish to ask you. The New York refined sugar commands in the market, you say, a price 10 cents a hundred pounds better than beet sugar?

Mr. LEAVITT. Standard cane granulated that has gone through a refinery commands 10 cents better price.

The CHAIRMAN. Why?

Mr. LEAVITT. Because it is worth that much more in the estimation of the consumers.

The CHAIRMAN. Is that a real advantage that it has, or does it depend on the brand of the refined sugar?

Mr. LEAVITT. No; it depends on a prejudice established when beet sugar was first made in this country and when the refined article was not standard, as it is to-day.

The CHAIRMAN. Is there not just as much saccharine strength in refined beet sugar as in refined cane sugar?

Mr. LEAVITT. Absolutely. It is due to the housewife's prejudice. In Iowa the jobbers give the purchaser the advantage of the 10 cents, selling the beet sugar to the retailer 10 cents a hundredweight less. In Nebraska, as a rule, the jobbers do not give the consumer the benefit of it.

The CHAIRMAN. So that at the time this business rivalry commenced, which you call a war, refined cane sugar was selling 10 cents above beet sugar?

Mr. LEAVITT. Yes, sir; and had been for ten years.

The CHAIRMAN. And had been for ten years?

Mr. LEAVITT. Moreover, the same broker was selling sugar for us and had been for years selling for Mr. Havemeyer at this recognized

difference, and the sugar trust sold their own sugar at this recognized difference.

The CHAIRMAN. The sugar trust then had its customers throughout the West?

Mr. LEAVITT. Yes, sir.

The CHAIRMAN. The beet-sugar people tried to get them, did they not?

Mr. LEAVITT. They tried to dispose of their product. Yes; they tried to get——

The CHAIRMAN. They tried to dispose of their sugar to the people who had been buying refined sugar from the sugar trust?

Mr. LEAVITT. Naturally; yes, sir.

The CHAIRMAN. They sold it at 10 cents a hundredweight less than the refiners?

Mr. LEAVITT. No, sir; they sold beet sugar at the same price that the refiners were selling their beet sugar, and 10 cents more a hundredweight than——

The CHAIRMAN. I do not understand that.

Mr. LEAVITT. The sugar trust sells refined beet sugar and refined cane sugar. Its refined beet sugar sells at 10 cents a hundredweight (and the same price at which we sell it) less than their refined cane sugar.

Senator TELLER. They sell both?

Mr. LEAVITT. They sell both.

The CHAIRMAN. I do not want to inquire about that. The question I asked you, or intended to ask you, was this: The beet-sugar people sold their sugar for 10 cents a hundredweight less than the price of the refined sugar?

Mr. LEAVITT. Of refined cane sugar.

The CHAIRMAN. Of refined cane sugar?

Mr. LEAVITT. Yes, sir; and at the same price at which the sugar trust sold refined beet sugar.

The CHAIRMAN. I do not care about that.

Mr. LEAVITT. I think that is very material, sir.

Senator TELLER. Yes; I think it is, too.

The CHAIRMAN. We will not argue whether it is material or not.

Senator TELLER. If they were doing the same thing, I do not know how they could complain of the other people doing it.

The CHAIRMAN. Then you undertook to sell beet sugar to the customers of the sugar trust, who purchased their refined sugars. That is what the beet-sugar people undertook to do. Now, what inducements did you offer to the customers of the "sugar trust," as it is called, to take your beet sugar instead of the refined sugar which they had been buying?

Mr. LEAVITT. None whatever. It was merely a question of whether they cared to buy beet sugar or cane. They were free to buy beet sugar from the trust at the same price that we set on ours, or to buy cane sugar from the trust at a higher price. There are two kinds of sugar.

The CHAIRMAN. What does this language in this contract mean then:

Each shipment is guaranteed against any open differential, to the extent of 20 cents per hundred pounds, between beet sugar of equal quality and standard fine cane granulated that may be in effect at —— the day our sugar reaches there.

What does that mean?

Mr. LEAVITT. That means that if the trust cared to sell their beet sugar (as they did) at 20 cents a hundredweight under their own price for cane sugar, we would follow them to the extent of such a reduction, but were relieved from following them in a lower cut—as, for instance, if they should sell their own beet sugar 25 cents a hundredweight less than they were selling their cane sugar.

The CHAIRMAN. Then this language—

the seller reserving the right to cancel any unfilled portion of this order they may refuse to sell at a greater differential than 20 cents below the price of standard fine cane granulated—

Mr. LEAVITT (interrupting). We were willing to recognize, if the trust did, 20 cents difference in value or price between the two sugars, but we were not willing to recognize more.

Senator TELLER. Between cane and beet sugar?

Mr. LEAVITT. Between cane and beet sugar.

The CHAIRMAN. Yes; but there had been no 20 cents difference. It was only 10.

Mr. LEAVITT. I beg your pardon, sir. There had been, as Mr. Havemeyer testified, a difference larger than 10 cents. We did not make it larger than that.

The CHAIRMAN. Why, I thought you just stated they sold their beet sugars at 10 cents less than their refined sugars, and that you sold your beet sugars at 10 cents less than their refined sugars.

Mr. LEAVITT. Than their cane sugars.

The CHAIRMAN. Than their refined cane sugars?

Mr. LEAVITT. Yes, sir.

The CHAIRMAN. Right there, you tell the seller, if I understand the language, that you will sell it 20 cents less than they sell.

Mr. LEAVITT. If they do, if the American Sugar Refining Company does; and the American Sugar Refining Company did sell it 20 cents less.

The CHAIRMAN. Before that contract was put out?

Mr. LEAVITT. No; afterwards.

The CHAIRMAN. I confess I have not much technical knowledge about trade affairs; but it looks to me as if you, with that document, went to the purchasers of refined cane sugar and offered to make a cut of 10 cents a hundred pounds if they would buy of you. Is not that so?

Mr. LEAVITT. No, sir; because the same purchasers were buying of the sugar trust, on the very same date, the same kind of sugar at the same price that we offered it. Cane granulated is the standard of measure, just as 96 test raw centrifugals is the standard of value for raw sugars. Therefore we have to take something to compare it with.

The CHAIRMAN. That depends on whether before you put out these contracts, as they are called, the refiners of cane sugar were selling beet sugar at 20 cents a hundredweight less than they were refined cane sugar.

Mr. LEAVITT. They were selling it at 12½ cents, and at various times they made a difference of more than 10 cents. Therefore the clause was put in to the effect that up to a difference of 20 cents we would fill the order. After that if they made a difference of more than 20 cents it would be at our option whether we would fill it or not.

The CHAIRMAN. You admit that you put out this proposition to

buyers of sugar to get the trade which the refiners of cane sugar then had?

Senator TELLER. I do not know that he has admitted any such thing.

Mr. LEAVITT. Oh, no; I do not admit any such thing at all. The beet sugar produced in the United States during the last year did not exceed the increased consumption of the United States.

The CHAIRMAN. Well, let us see.

Senator TELLER. That is what Mr. Havemeyer said.

The CHAIRMAN. You have just said that you were trying to sell your sugars to parties who had been buying refined sugars of the trust. You said that, did you not?

Mr. LEAVITT. Yes; and buying of Arbuckle, too.

The CHAIRMAN. Now, to do it you offered to follow the refiners down to 20 cents?

Mr. LEAVITT. No; I beg your pardon. Oh, yes; that is right.

The CHAIRMAN. I can not understand, then——

Mr. LEAVITT. Yes, that is right; but that was a clause put in for our protection. It was not to sell our sugars.

Senator TELLER. They did not agree to sell at that reduction unless the sugar trust did.

Mr. LEAVITT. As a matter of fact we did not follow the sugar trust down the 20 cents, because it did not make an open cut price of 20 cents.

The CHAIRMAN. Then you had the option that if they went below 20 cents you might or might not follow them down?

Mr. LEAVITT. We only guaranteed to follow them down to 20 cents.

Senator TELLER. They might have given the sugar away if they wanted to, as Mr. Havemeyer said he would.

Mr. LEAVITT. Yes; we reserved the right to refuse to sell at a greater differential. Otherwise we would have been entirely at the mercy of the trust.

The CHAIRMAN. Then the whole of this matter is that you wanted to get the customers away from the trust?

Senator TELLER. I object to that statement, because Mr. Leavitt has never made any statement of the kind.

The CHAIRMAN. Is not that the plain English of it—that you wanted to get the customers of the American Sugar Refining Company for beet sugar?

Senator TELLER. They were no more customers of the cane refiner than they were of the beet refiner. He has told you that already.

The CHAIRMAN. We have two witnesses to cross-examine, evidently.

Senator TELLER. No; but you are trying to put in the record what this man has never said, and what is not true.

The CHAIRMAN. I am trying to find out whether it is true or not.

Senator TELLER. If you will ask him if it is a fact, I will not object; but you say he admits that it is a fact, when he does not admit anything of the kind.

The CHAIRMAN. Why, he admitted it in one of his recent answers.

Senator TELLER. Let him answer the question. If you will put your question as it ought to be put I will not object.

The CHAIRMAN. You testified, did you not, that beet sugar had been selling at these Missouri points at 10 cents less per hundredweight than cane refined sugar?

Mr. LEAVITT. Yes, and 12½ cents.

The CHAIRMAN. You stated that you wanted to extend your trade.

Mr. LEAVITT. If you will let me put it in my own way, I will tell you exactly.

The CHAIRMAN. I want to know what you stated before.

Mr. LEAVITT. We went to the sugar-trust broker and said we would like a share of this business, which Mr. Havemeyer states in his testimony we had a perfect right to do.

The CHAIRMAN. Exactly.

Mr. LEAVITT. It was a share of the business enjoyed by Arbuckle Brothers and by the sugar trust, and Mr. Havemeyer said he had no objection whatever to our sharing in that business. The total amount of beet sugar produced last year in the United States, although it was more than double the amount produced the year before, was only equal to our increase in consumption.

The CHAIRMAN. To get your share of that business you told purchasers who had before that been customers of the trust that you would guarantee to sell them at a difference of 20 cents between the price of beet sugar and cane refined sugar if the trust did it?

Mr. LEAVITT. I will tell you exactly what we said. I made the contracts myself, Senator.

The CHAIRMAN. I know; but I would like to have the question answered directly. I will ask the stenographer to read it.

(The question was read by the stenographer.)

Mr. LEAVITT. No, sir; not to get their business. Now, if you will let me say, Senator Platt, what I did say to the customers and what they said, I will tell you.

The CHAIRMAN. What you take exception to is that you did not do it to get the business.

Mr. LEAVITT. It is the way the thing is put. What they said to us was: "Suppose Spreckels gives us a larger cut than 10 cents a hundred-weight, will you give us, in making this contract, an equal advantage?" To which we replied: "To the extent of 20 cents and no further." Now, I made the contracts myself.

The CHAIRMAN. Then you went to persons who had been purchasing refined sugar of the trust——

Mr. LEAVITT (interrupting). And of us for years.

The CHAIRMAN. And you wanted to sell them your sugar in place of the refined sugar they had been buying from the trust. That is so, is it not?

Mr. LEAVITT. Oh, certainly. We asked for a share of the business. I do not deny that.

The CHAIRMAN. And then they said: "Why, suppose Spreckels cuts the price if we trade with you?" And you said you would follow them down to 20 cents?

Mr. LEAVITT. A difference of 20 cents, or  $7\frac{1}{2}$  cents under the Michigan differential and 10 cents under the regular differential of Nebraska.

The CHAIRMAN. You said that you might refuse to sell at a greater differential than 20 cents below the price of standard fine cane granulated. You reserved that option to yourself, did you not?

Mr. LEAVITT. Yes, sir.

Senator TELLER. That is what the contract provides very plainly.

The CHAIRMAN. So that if Spreckels & Co. reduced the difference to 20 cents you would or would not, as you liked, follow them down below that?

Mr. LEAVITT. Yes, sir; and if they reduced it to 20 cents we could



buy a hundred bags of sugar for every hundred bags that we delivered under our contract, which I attempted to do when they put in that price.

Senator TELLER. Why did you not do it?

Mr. LEAVITT. They would not sell any except to favored jobbers.

The CHAIRMAN. You say Mr. Thurber is receiving a salary from the sugar trust?

Mr. LEAVITT. Yes, sir.

The CHAIRMAN. How do you know it?

Mr. LEAVITT. I know it from statements made to me by brokers of the sugar trust.

The CHAIRMAN. That is, some one has told you so?

Mr. LEAVITT. Some one has told me so.

The CHAIRMAN. And that is all you know about it?

Mr. LEAVITT. I know of his having been hitherto in the employ of the trust and not denying it.

The CHAIRMAN. Has the trust anything to do with the Export Association?

Mr. LEAVITT. The United States Export Association?

The CHAIRMAN. Yes.

Senator TELLER. Which Thurber do you mean?

The CHAIRMAN. F. B. Thurber.

Mr. LEAVITT. Not that I know of.

Senator TELLER. I think that is Thurber's concern alone. He is the head of two things, the Pure Food Society and the Export Association.

Mr. LEAVITT. Yes; he is also president of the National Pure Food Society of America.

The CHAIRMAN. Now, Mr. Thurber testified that he was engaged in no business except as president of the United States Export Association. He was asked if he was connected in any way with Mr. Havemeyer, and he said "No, sir." He was asked if he received any compensation from him, and he said "No, sir." He was asked if he was connected in any way with Mr. Atkins, and he said "No, sir." Now, you say he was?

Mr. LEAVITT. I say he was; yes, sir.

The CHAIRMAN. All right; it is a question of veracity between you.

Mr. LEAVITT. I have other information, other than I have spoken about and testified to. I can state the dates, if you wish, on which Mr. Thurber was in consultation with Mr. Havemeyer. I know that Mr. Thurber was employed by the War Department to do expert work on the tariff in connection with this matter of reciprocity and was discharged because of his evident bias in favor of the sugar trust.

The CHAIRMAN. As to the latter part of your answer, do you know that that was the cause?

Mr. LEAVITT. The records of the War Department will show the cause.

The CHAIRMAN. We have not them here. What do they say the cause was?

Mr. LEAVITT. I do not know, sir; I only know from information I have received.

The CHAIRMAN. I will state that I wrote to Mr. Van Horne on this subject, asking what plants he had acquired down in Cuba, and he has written me a letter in reply. I did not think it was necessary for him

to come up here. I would like to put that letter in the record, together with a copy of the letter I wrote him.

(The above-mentioned letters are as follows:)

MAY 5, 1902.

Sir WILLIAM C. VAN HORNE,

(Care of the Cuba Company, Habana, Cuba.)

SIR: The inclosed resolution will inform you as to matters which the Committee on Relations with Cuba is directed to inquire into, one of which, as you will see, relates to the acquisition of cane-producing lands in Cuba by American citizens, and I desire that you inform the committee with regard to what sugar lands have been acquired by your company, the location and extent of the same. Beyond the bare statement of fact, we should be glad to have you communicate any information relating to your enterprise in Cuba which may occur to you as being valuable, especially how soon it is probable that sugar will be produced from any of the lands which you have thus acquired.

Respectfully,

O. H. PLATT, *Chairman.*

THE CUBA COMPANY,  
*Habana, Cuba, May 9, 1902.*

SIR: I take pleasure in answering the inquiry contained in your letter of May 5.

The Cuba Company has acquired about 150,000 acres of land in the provinces of Santa Clara, Puerto Principe, and Santiago—chiefly in the latter. These lands are more or less timbered, and nearly all of them are suitable for the growth of sugar cane and the other leading agricultural products of Cuba. They are mostly in large blocks, and were acquired not as a matter of speculation but in furtherance of the company's plans for the development of the country along its lines of railway.

In Cuba the lands are mostly held in large tracts, and very few small farms are owned by those who cultivate them. This is due largely to sugar planting, which has required very expensive sugar mills, plantation railways, and other facilities for handling the sugar crops. These things have required large capital, but it has never been regarded as safe to put money into them without having under cultivation and under direct control a corresponding amount of sugar lands. Other large areas are devoted to cattle, and it is through the sugar and cattle industries that the tendency to hold lands together in large bodies has become so marked.

The absence of a land tax has contributed largely to the same tendency in the unsettled districts in the eastern and wider half of the island, and there is a marked indisposition everywhere on the part of the holders of the sugar estates under cultivation and on the part of the owners of grazing or wild lands to sell any part of them, and even an indisposition to lease any part of their holdings for farming purposes.

I need not dwell upon the effect of the holding of almost entire provinces, as in the case of Santiago and Puerto Principe, in areas of from 5 to 100 square miles, which in most cases are neither cultivated nor available for purchase in moderate quantities.

The Cuba Company took early steps toward the acquisition of some of these large bodies of land along or in the vicinity of its railway lines, for the purpose of dividing them up into small units and making them available for individuals of small means (who could hardly otherwise hope to become owners of land), and establishing these people on their farms in such a way as to insure as far as possible their success. In the absence of sugar mills for handling their cane, it will, of course, be impossible for these small farmers to produce sugar, and in the absence of proper packing and shipping facilities they will hardly be able to produce and market fruits and vegetables to advantage, especially during their earlier years; but it is the intention of the company to provide for both of these things by establishing sugar mills at such intervals as may be necessary along its railway lines, and by providing special and unusual facilities for the collection and shipment of fruits, etc.

I do not pretend that the company will not seek a direct profit from the acquisition of these large tracts of land and from their division and sale, but this profit will come from the increase in the value of the unsold lands as the settlements spread, and no profit is expected in the beginning. The terms of payment will be long and easy, and assistance in various ways will be given by the company to the settlers until they are well established. It is believed on the part of the company that, as with wheat and corn in the Western States, sugar must before long be produced in Cuba by those who work with their own hands, and it is believed that the success of the com-

pany's land policy as outlined will soon result in a similar policy on the part of the holders of large estates in Cuba, and in the separation of sugar milling from sugar growing.

I may add, in reference to the general purpose of your inquiry, that I do not know of any purchases of lands in Cuba by Americans or others within a year for the purpose of establishing sugar plantations. There have, no doubt, been some speculative purchases of land, but most of the purchases of which I have any knowledge have for their immediate object the stocking of the lands with cattle.

Respectfully,

W. C. VAN HORNE, *President.*

Hon. O. H. PLATT,

*Chairman Senate Committee on Relations with Cuba, Washington, D. C.*

Mr. LEAVITT. I would like to testify, in that respect, that the Chaparra has purchased, since the war, about a hundred square miles.

The CHAIRMAN. That is Hawley's company?

Mr. LEAVITT. That is Hawley and Havemeyer's company. They have purchased about a hundred square miles of land in Cuba, at an average cost of about \$1 an acre.

The CHAIRMAN. That is not sugar land, then?

Mr. LEAVITT. Yes, sir; including sugar land; and I would also like to testify that the capacity of the plant is nearer 80,000 than 10,000 tons of sugar, as testified to by Mr. Havemeyer.

I have not so far stated my position. As I was the first to advocate a reduction of the differential duty on refined sugar, I would like to state in reference thereto that my purpose as a beet-sugar manufacturer in such advocacy is that, while such an abolition of the differential would remove a portion of the protection my company enjoys, it would reduce the profits of the sugar trust to an amount equal to the additional profits they would derive by reason of the 20 per cent reduction of the duty on raw sugar. If allowed to realize the benefit of the reduction of the duty on raw sugar, they would use that additional profit as a club for destroying the beet-sugar industry and extending their operations of last summer, continued in similar character still, in destroying the home markets of the beet-sugar companies.

The CHAIRMAN. In other words, when the House proposed a reduction of 20 per cent of the duty on Cuban raw sugars, which you did not like——

Mr. LEAVITT (interrupting). No, sir.

The CHAIRMAN (continuing). You were willing, for the purpose of hurting the trust, to make it something more than that?

Mr. LEAVITT. For the purpose of self-preservation.

The CHAIRMAN. It seems that you are making this whole question of public policy turn on a controversy between you and the sugar trust.

Mr. LEAVITT. No; let me state this, Senator: My opinion (and I believe such opinion is borne out by the statistics) is that there is only one way, in view of the existing market conditions in America and England and in the world, of helping the Cuban planter. That is, by putting the money in his pocket before he goes to market with his sugar and letting him sell his sugar either in England or America. If it be made a condition of his receiving an advantage that he shall sell his sugar to the American refiners, he will never reap that advantage.

The CHAIRMAN. The House proposed to reduce the duty on raw sugars 33½ cents a hundred pounds, which you thought was going to seriously injure your industry.

Mr. LEAVITT. Yes, sir.

The CHAIRMAN. But at the same time you were willing to make a 46-cent reduction in order to spite the sugar trust?

Mr. LEAVITT. No, sir.

The CHAIRMAN. Is not that the plain English of it?

Mr. LEAVITT. No, sir; the reduction is only one-eighth of a cent a pound.

The CHAIRMAN. I am talking about a hundred pounds.

Mr. LEAVITT. That would be 12½ cents a hundredweight; not 30.

The CHAIRMAN. Well, it is 33½ cents a hundredweight?

Mr. LEAVITT. No; that only applies on raw sugar, Senator. The two should not be added together.

The CHAIRMAN. You make refined sugar?

Mr. LEAVITT. We make refined sugar.

The CHAIRMAN. So that the reduction to you, adding the 20 per cent reduction and the 12½ on refined sugar, would be 45 cents a hundred, would it not?

Mr. LEAVITT. No, sir.

The CHAIRMAN. I can not see it in any other way.

Mr. LEAVITT. The reduction in the proposed bill on sugars above 16 Dutch standard is 12½ cents a hundredweight, leaving out the question of whether the countervailing duty is removed or not. The differential only amounts to 12½ cents a hundredweight. I am willing that sugars should be sold at an eighth of a cent a pound cheaper to the consumers of the United States even if we suffer in the sale of our sugar to the extent of an eighth of a cent a pound, because we would rather realize a smaller profit and be certain of it than to have our entire business swept away.

The CHAIRMAN. Then the only thing you want to do is to take off the differential?

Mr. LEAVITT. For the benefit of Cuba, as I asserted, as well as for our own preservation. It is an injury to us, but it will be of substantial benefit to Cuba, because if the trust does not pay the Cuban planter enough for his raw sugar he will be in position to send and sell to the consumers in the United States clarified yellows, as the Louisiana planters do.

The committee thereupon adjourned until Friday, May 16, 1902, at 10 o'clock a. m.

---

SUBCOMMITTEE OF COMMITTEE ON RELATIONS WITH CUBA,  
UNITED STATES SENATE,  
*Washington, D. C., Friday, May 16, 1902.*

The committee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

### TESTIMONY OF JOHN OEHLER, OF NEW YORK.

JOHN OEHLER, having been first duly sworn by the chairman, testified as follows:

Senator TELLER. Mr. Oehler, what is your business?

Mr. OEHLER. Printer.

Senator TELLER. Where?

Mr. OEHLER. At 87 Franklin street, New York.

Senator TELLER. I show you a pamphlet, and ask you if you printed it?

Mr. OEHLER. Yes, sir.

Senator TELLER. This is a pamphlet entitled "Facts about sugar," and is the paper I presented to Mr. Oscar W. Donner. Do you know Mr. Oscar W. Donner?

Mr. OEHLER. Yes, sir.

Senator TELLER. What is his business?

Mr. OEHLER. He attends to the advertising of the Sugar Refining Company.

Senator TELLER. The American Sugar Refining Company?

Mr. OEHLER. The American Sugar Refining Company. I receive all orders from him.

Senator TELLER. Who employed you to print this pamphlet?

Mr. OEHLER. Mr. O. W. Donner.

Senator TELLER. What were you paid, and how were you paid, for this printing?

Mr. OEHLER. Seven hundred and fifty dollars.

Senator TELLER. Who paid it?

Mr. OEHLER. It was paid by check mailed to me.

Senator TELLER. From whom? Who made the check?

Mr. OEHLER. They have two accounts. I do not know now, really, which company paid it. There is the American Coffee Company and the American Sugar Refining Company, but I can not tell which company paid it.

Senator TELLER. But it was one of those companies, was it?

Mr. OEHLER. It was one of those companies.

Senator TELLER. And it was paid by a check on what bank, do you remember?

Mr. OEHLER. That I can not remember, either.

Senator TELLER. About when was it printed? Can you tell the date?

Mr. OEHLER. In January.

Senator TELLER. In January last?

Mr. OEHLER. Yes.

Senator TELLER. What other printing of the same general character, relating to the reduction of duty on Cuban sugar, have you done for these people?

Mr. OEHLER. For these people? You mean something similar to that?

Senator TELLER. Something similar; yes.

Mr. OEHLER. I do not think we have printed anything; but we printed these articles first in slips, in newspaper slips.

Senator TELLER. All of the articles that are in this pamphlet?

Mr. OEHLER. Most of them.

Senator TELLER. In slips.

Mr. OEHLER. In slips; yes, sir.

Senator TELLER. Then what became of them after you printed them in slips?

Mr. OEHLER. We sent them to some mailing agency.

Senator TELLER. Some mail agent of the company?

Mr. OEHLER. No, sir; general mailing agencies.

Senator TELLER. What did they do with them?

Mr. OEHLER. They mailed them.

Senator TELLER. To different newspapers?

Mr. OEHLER. I had nothing to do with the mailing.

Senator TELLER. Do you mean they sent them to the different newspapers?

Mr. OEHLER. I can not tell.

Senator TELLER. For instance, you have on page 12, in large letters, the words, "Now, for the work of Congress. Editorial, New York Herald, January 6, 1902." Do you recall anything about that?

Mr. OEHLER. Well, it is a copy of a newspaper clipping—a manuscript.

Senator TELLER. It was a manuscript brought to you?

Mr. OEHLER. A printed manuscript brought to us; yes.

Senator TELLER. Who brought it to you?

Mr. OEHLER. Mr. Donner.

Senator TELLER. Mr. Oscar W. Donner?

Mr. OEHLER. Mr. Oscar W. Donner.

Senator TELLER. Then what did you do with it?

Mr. OEHLER. We set it up.

Senator TELLER. In this form?

Mr. OEHLER. Yes.

Senator TELLER. That was a newspaper clipping that he brought to you?

Mr. OEHLER. They were all newspaper clippings, as I understand.

Senator TELLER. But I understood you to say you had printed some of these things before?

Mr. OEHLER. Yes.

The CHAIRMAN. In slips?

Senator TELLER. Do you recall any particular ones that you printed?

Mr. OEHLER. It is very hard to tell now. I know this first article was printed before—"Profits in beet sugar." That was printed in slips. In fact, most of them, with the exception of the small articles, were printed in slips; and Mr. Donner decided to have them compiled in a pamphlet.

Senator TELLER. They wanted it in pamphlet shape, and you put it in that shape?

Mr. OEHLER. Yes. It was more convenient, he said.

Senator TELLER. Now, have you not prepared some of these slips that have been put into the "patent insides" of newspapers?

Mr. OEHLER. Yes; I know what they are. No; we did not.

Senator TELLER. You do not think you prepared any of the "patent insides?"

Mr. OEHLER. No; I did not. I am almost sure we did not.

Senator TELLER. Have you done any other printing for these people touching this question?

Mr. OEHLER. No.

Senator TELLER. About the reduction of duty?

Mr. OEHLER. No.

Senator TELLER. But you do other printing?

Mr. OEHLER. A great deal.

Senator TELLER. This is the same thing we put into the record the other day, Mr. Chairman. It is not the same circular, but it is the same facts.

I understand, then, that all you did to this was to print it?



Mr. OEHLER. To print it; yes, sir.

Senator TELLER. Do you know how many you printed?

Mr. OEHLER. 250,000.

Senator TELLER. And you delivered them to the mailing agent?

Mr. OEHLER. The mailing agency.

Senator TELLER. The mailing agent of the sugar trust, or the coffee trust, whichever it might be?

Mr. OEHLER. Yes.

Senator TELLER. When you speak of the coffee company, do you mean the one that is connected with the Sugar Refining Company?

Mr. OEHLER. The same company.

Senator TELLER. Of which Mr. Oscar W. Donner is the treasurer?

Mr. OEHLER. Yes, sir.

The CHAIRMAN. You say Mr. Donner is the advertising agent of the American Sugar Refining Company?

Mr. OEHLER. Yes, sir.

Senator TELLER. Do they advertise much?

Mr. OEHLER. Yes; we do a great deal of printing, especially for the Lion Coffee Company. I once printed 71,000,000 of one job for them.

The CHAIRMAN. I am speaking now particularly about sugar.

Mr. OEHLER. No; not much for sugar.

The CHAIRMAN. That is what I thought.

Senator TELLER. If it was not for sugar, what was it for?

The CHAIRMAN. For coffee?

Mr. OEHLER. For coffee—Lion coffee.

Senator TELLER. That edition of 71,000,000 was not all for coffee, was it? Some of it was for sugar and some for coffee?

Mr. OEHLER. Oh, yes. It was simple advertising, small advertising.

Senator TELLER. That is all.

(The pamphlet referred to in the foregoing testimony is the one already printed in the record of the proceedings of this committee, beginning on p. 121 thereof.)

#### **TESTIMONY OF HON. CHARLES F. MANDERSON, EX-SENATOR FROM NEBRASKA.**

The CHAIRMAN. I think I will not swear Senator Manderson.

Senator TELLER. Senator Manderson, we have examined Mr. Have-meyer about this Missouri River war, and we have also examined Mr. Leavitt, and we want to examine some other gentlemen in reference to it. I wish you would tell the committee what your relation to it was, and what you know regarding it.

Senator MANDERSON. This matter was called to my attention by the general manager of the American Beet Sugar Company, Mr. E. C. Howe, and the president of the Standard Beet Sugar Company, Mr. Heyward G. Leavitt, early in the fall of 1901; I should think early in the month of October. The American Beet Sugar Company, having factories in Nebraska, at Grand Island and Norfolk, a factory at Rocky Ford, Colo.; a factory at Chino and another at Oxnard, Cal., and the Standard Beet Sugar Company, having a factory at Leavitt, near Fremont, Nebr., had been in the habit of consulting me with reference to their legal matters, I being a practicing attorney at Omaha, Nebr.

They came to me, as I say, early in October, and produced certain

contracts that each of these corporations had made with sugar jobbers on the Missouri River; they selling the products of their Nebraska and Colorado factories at Omaha, Council Bluffs, Kansas City, Atchison, St. Joseph, Sioux City, and other points on the Missouri River, where these large wholesale grocers have their establishments.

These contracts had been made with these wholesale merchants, or jobbers in sugar, during the summer of 1901, and they were of two forms. The form used, I think, wholly by the American Beet Sugar Company is the one I now produce. This was the blank form that was given to me to construe under circumstances and facts that I will hereafter narrate. I will give a copy of it to the committee, filled up as it would be if the contract had been made between the American Beet Sugar Company and John Smith & Co., of Kansas City, Mo.

This contract was in the form of the acknowledgment of an order from John Smith & Co. for 10,000 sacks of beet standard fine granulated sugar on the basis of \$5.37 per hundred net cash, f. o. b. sugar factory, freight prepaid to Kansas City, to be delivered 2,000 sacks in August, 3,000 sacks in September, 3,000 sacks in October, and 2,000 sacks in November. Then came, as will be observed, that which seemed to be, under the facts that had arisen, the important feature of this contract. I quote this language from the contract:

Each shipment will be billed at 10 cents per hundred pounds less than the American Sugar Refining Company's open price of standard fine cane granulated that may be in effect in Kansas City on date of arrival of our sugar at that point, but at no time will the price exceed \$5.37. Each shipment is guaranteed against any open differential to the extent of 20 cents per hundred pounds between beet sugar of equal quality and standard fine cane granulated that may be in effect at Kansas City the day our sugar reaches there.

That language, "open price," was, I think, in all the contracts made by the American Beet Sugar Company with the jobbers.

Senator TELLER. Both these companies, do you mean?

Mr. MANDERSON. No; the American Beet Sugar Company. In the case of the Standard Beet Sugar Company all of their contracts with the jobbers were the same as that which I have just read, containing the words "open price," except in two instances, one of which, I recall, was with a jobber at Sioux City. There, instead of the words "open price," the words were "bona fide" price.

(The forms of contract with the American Beet Sugar Company and the Standard Beet Sugar Company referred to by Mr. Manderson are as follows:)

*To John Smith & Co., Kansas City, Mo.*

OMAHA, NEBR., *July 1, 1901.*

We beg to acknowledge receipt of your order of this date for 10,000 sacks of beet standard fine granulated sugar on the basis of \$5.37 per hundred net cash f. o. b. sugar factory, freight prepaid to Kansas City, and have entered same on the following terms, viz: Date of bills will correspond with date of arrival of sugar at destination, and are payable in Eastern exchange and due in ten days from date of invoice. The sugar to be taken as follows: 2,000 sacks during August; 3,000 sacks during September; 3,000 sacks during October; 2,000 sacks during November. Each shipment will be billed at 10 cents per 100 pounds less than the American Sugar Refining Com-

pany's open price of standard fine cane granulated that may be in effect in Kansas City on date of arrival of our sugar at that point, but at no time will the price exceed \$5.37. Each shipment is guaranteed against any open differential to the extent of 20 cents per 100 pounds between beet sugar of equal quality and standard fine cane granulated that may be in effect at Kansas City the day our sugar reaches there, the seller reserving the right to cancel any unfilled portion of this order they may refuse to sell at a greater differential than 20 cents below the price of standard fine cane granulated, and it is agreed that the sellers reserve the right, and without liability, to cancel all or any portion of this contract they may be unable to fulfill through any cause over which they have no control.

P. CAVANAGH & SON,  
FOR AMERICAN BEET SUGAR COMPANY.  
JOHN SMITH & Co.

---

*To John Smith & Co., Atchison, Kans.*

OMAHA, NEBR., *July 10, 1901.*

We beg to acknowledge receipt of your order of July 10 for 3,000 sacks of beet standard fine granulated sugar on the basis of \$5.37 net cash f. o. b. sugar factory, and have entered same on the following terms, viz: All bills payable in Eastern exchange and due in ten days from date of invoice. The sugar to be taken between the time sugar factories commence manufacturing and January 1, 1902, next. Each shipment subject to conditions noted below will be billed at 10 cents per 100 pounds less than the bona fide price of standard fine cane granulated that may be in effect in Omaha, Nebr., on date of shipments, but at no time will the price exceed \$5.37. Each shipment is guaranteed against any open differential to the extent of 20 cents per 100 pounds between beet sugar of equal quality and standard fine cane granulated that may be in effect at Omaha, Nebr., the days the sugars are shipped, the seller reserving the right to cancel any unfilled portion of this order they may refuse to sell at a greater differential than 20 cents below the price of standard fine cane granulated, and it is agreed that the sellers reserve the right and without liability to cancel all or any portion of this contract they may be unable to fulfill through any cause over which they have no control.

P. CAVANAGH & SON,  
FOR STANDARD BEET SUGAR COMPANY.  
JOHN SMITH & Co.

Mr. MANDERSON. I think each one of these companies had contracts with probably twenty or thirty of the jobbers on the Missouri River.

It was within my knowledge that from the beginning of the production of beet sugar in the West, on account of a prejudice, real or imagined, existing in the minds of the public against beet sugar (a foolish idea that it had perhaps a less saccharine content than cane sugar) invariably that sugar had been contracted for on the Missouri River, and I think everywhere throughout the country, at 10 cents a hundred pounds less than granulated sugar that was the product of cane. That

had, as I say, existed as a difference in price ever since the beet-sugar industry was successfully started.

On, I think, the 2d of October, or at least very early in the month of October, the American Sugar Refining Company notified the jobbers at Missouri River points that they would furnish them sugar at \$3.50 per hundred pounds.

The CHAIRMAN. When, do you say?

Mr. MANDERSON. Very early in October; my recollection is on the 2d of October. These beet-sugar factors came to me with the statement that that cut had been made by the refiners; and the question for me to decide was what the beet-sugar companies should do under these contracts.

The CHAIRMAN. Who came to you?

Mr. MANDERSON. The general manager of the American Beet Sugar Company, Mr. Howe.

The CHAIRMAN. I mean it was the beet-sugar companies?

Mr. MANDERSON. Yes; he represented the American Beet Sugar Company, and the president of the Standard Beet Sugar Company was Mr. Leavitt. They had with them their factor or broker, Mr. Cavanagh, of Omaha. It was notorious not only to the trade, but even to those who were not engaged in mercantile business, that \$3.50 per hundredweight was a great deal less than beet sugar could be produced for, outside of any matter of freight or carriage, and that it was much less than it was costing the American Refining Company to import their sugar and refine it.

On making investigation, I found that this price of \$3.50 was offered only at Missouri River points, and only to those who had these contracts with the Beet Sugar Company; and these parties were told, as I ascertained from them, as well as from my clients, that this sugar could only be given to them in very small quantities.

Immediately the brokers and the wholesale dealers attempted to buy sugar at \$3.50 on the Missouri River.

The CHAIRMAN. Of the beet people?

Mr. MANDERSON. No; of the sugar refining company's agents. Furthermore, the reports in the public press and common talk were to the effect that parties at New York, Boston, Philadelphia, Cincinnati, and even some points South, were telegraphing and writing to the agents of the refining company seeking to buy sugar at \$3.50 on the Missouri River in very large lots.

The American Beet Sugar Company also sought to buy at \$3.50; but in every instance these parties thus seeking to buy sugar at this low price, which would afford a profit by buying it at the Missouri River and shipping it to New York and selling it there at the ruling price, were refused, and were told that they could not have the sugar.

In view of the fact that the open market price continued at \$5.12½, and this special price was to be granted only to a limited number of people and in limited supply, I advised my clients that that was not an "open price" or a "bona fide price" that they were bound to meet, and that they could not be required to sell their sugar under these contracts at \$3.40, and thereby lose perhaps 60 to 80 cents per hundred pounds, amounting in the aggregate to an immense sum.

The result, of course, was one that was very embarrassing to them. Those with whom they had contracted were demanding of them that they should fill their contracts at \$3.40. The beet-sugar companies

were insisting that that was not the open bona fide price for standard fine cane granulated sugar, and that they were not required to meet it, but that they would meet the open market-price and sell sugar at \$5.02½ when the price was \$5.12½ for fine cane granulated.

The open-market price fluctuated; it ran down, I think, from \$5.12½ to \$4.93, or perhaps \$4.83, and the beet-sugar company was ready to at any time, and did, in repeated instances, furnish sugar to their customers at 10 cents per hundred less than that price, but they did not in any instance furnish sugar at this 10-cent reduction under the secret or cut price fixed by the refining company. I say "secret price"—not that it was kept a secret, but that it was given to a few favored parties and to a very limited extent.

The result was that these companies stored their sugar in very large quantities, borrowing the money with which to carry it. This storage of sugar by these companies, I think, still continues to a very large degree, and of course to their very great loss.

The matter that seemed to me worthy of the gravest consideration was that this, in connection with other circumstances, seemed to be an effort to break down this beet-sugar industry in the West by forcing a condition that meant tremendous loss to the beet-sugar producers; and if they had been unable to command the money with which they could store their product the result would have been bankruptcy and ruin.

Those, I think, are about the facts, stated in as brief terms as I can give to make myself understood. Of course there are many matters in connection with it of a collateral nature that came to my attention. This document that you have just produced, entitled "Facts about sugar," with similiar documents, was, during the winter that ensued, scattered broadcast all through that country, and the press, especially a patent-inside paper that was published at Omaha, that had a large circulation in Nebraska and the West generally, was loaded with attacks upon the beet-sugar industry and misrepresentations of a very grave and objectionable character.

I have here an affidavit of Mr. Howe that I would be glad to read, because when he told me of this instance I said to him: "Mr. Howe, dictate that to a stenographer, and make your affidavit to it, for I think it is important as showing the character of the fight being made upon the beet-sugar industry." I know Mr. Joslyn, to whom he refers, who is a reputable citizen of Omaha. This affidavit refers to a conversation had with him, he being the publisher of a patent-inside paper. I will read the affidavit:

"My acquaintance was sought by George A. Joslyn, president and general manager of the Western Newspaper Union, whom I met in the private office of Judge Ives, of Omaha, Nebr., who left us alone together.

"Mr. Joslyn showed me a large printed pamphlet containing the statistics by Willett & Gray which have recently been published in most of the papers over the country. He stated that this had been sent to him some time ago by the agents of the sugar refiner's trust, asking him to insert it in his papers, and that he would have received for it \$1,700, but that he decided that he did not want to be a party toward assisting the trust in their efforts to crush out the beet-sugar industry, knowing that once they got the matter in their hands sugar would immediately go to 5 or 6 cents a pound again. He stated, how-



ever, that since that time his associates had rather questioned his letting that much money go by, and he did not know but that he had made a mistake.

"He then proceeded to show me another article which he had just received from the same source with the request to publish the same. It is a poem in dialect of the farmer, entitled 'Whar do I cum in?' and the same will be hereto attached, marked 'Exhibit A,' with my initials, if I can procure a copy of it.

"Mr. Joslyn stated he would receive \$2,800 for inserting this in the papers he controlled; that they are 2,500 in number, and are scattered all over the Western States, and reach 8,000,000 people. This article was very much in the shape of a proof as it would come from the printer, and 'IV' in about 2-inch figures appeared in one corner. Mr. Joslyn stated that undoubtedly 'II' and 'III' had been issued, but they had not come to him. He also stated that he had assurances from the same source that articles of this nature would be run for some time, and he estimated that the business that would be offered him would amount to from \$18,000 to \$25,000; possibly more.

"He stated that he was in sympathy with our industry; he did not want to see it crushed out; but this was bread and butter to his company, and they could not afford to turn that kind of business down. He, therefore, was willing to make me the proposition of publishing articles for us and not publishing these articles, and that he would do it for 25 per cent less than his regular rates and what he would charge the refiners' trust.

"He went into at some length the campaign of education that is being inaugurated by the trust and the amount of money they were spending through the entire press of the country for this purpose, and thought it was very necessary for us to do the same thing. He did not consider that anything less than \$50,000 would count at all.

"EDWARD C. HOWE."

"STATE OF NEBRASKA, *County of Douglas, ss:*

"Before the undersigned authority, a notary public in and for said county and State, personally appeared Edward C. Howe, who signed the foregoing statement, and, being by me first duly sworn, he on oath declares that the said statement is true.

"Subscribed in my presence and sworn to before me this 22d day of November, A. D. 1901.

"[SEAL.]

"C. H. MARLEY, *Notary Public.*"

Senator TELLER. In that affidavit reference is made to the publication of a certain dialect poem, which it is said was extensively published all through the West. You saw that poem published, did you?

Mr. MANDERSON. Oh, yes. I read it in paper after paper circulating in the West.

It was almost simultaneous with this cut of price down to \$3.50 a hundred that these articles appeared in the press throughout the West, and I think throughout the entire country.

I do not know that there is anything else that I want to say, Mr. Teller, unless you have something to ask me.

Senator TELLER. I would like to have you go on, Senator, and tell us a little more about the beet-sugar industry, and what you think of



it as an industry out in our Western country. I ask that because the Senate has taken a great interest in it.

Mr. MANDERSON. My attention was first directed toward the possibility and the probability of our being able to produce all the sugar needed in this country in the year 1888, when, during a political campaign, I visited Grand Island and found there an experiment on the part of German farmers in the cultivation of sugar beets. The chemists there on analysis found that the sugar content was greater in beets produced there than it was on an average in the German production.

That drew my attention to the matter, and I became greatly interested in it; and in an address I made to the Nebraska legislature, after my reelection in 1889, I devoted a great portion of my remarks to the matter of the possibilities of the production of sugar in this country. Meantime, being interested, as I say, in it, I studied the question to a considerable extent; and I urged upon the Nebraska legislature the passage of a State bounty law, which was passed in 1889. It was under that legislation that the Oxnards, about whom I knew nothing, and did not know of them for a year or two after that, established their two factories, first one at Grand Island and then another at Norfolk.

It then became a matter of local State interest; and representing that State in the Senate, I very naturally gave it still more of my attention and thought, and have been interested in the project and the proposition of our raising in this country all the sugar we need from that day to this.

For the last two or three years, being in the practice of my profession, I have, as I have stated, been the counsel of the American Beet Sugar Company, and lately of the Standard Beet Sugar Company. I do not think that I am prejudiced in my views, however, by reason of that professional relation. There is, in my opinion, no industry that is of greater value to the people of the United States to-day than that of the production of sugar from beets.

The possibilities of this industry were called to my attention but a few days ago. We have reached, in this country, a condition where there is no more cheap land that is arable and suited for the use of farmers, and it is that that is prompting this agitation with reference to the irrigation of Western lands. Irrigated lands, because water can be put upon the beets when they need it and taken off when they do not need it, are better adapted to the cultivation of the sugar beet than any other lands. The circumstance to which my attention was called but a few days ago in Chicago was the fact that within the last two years 15,000 farmers have left the State of Iowa and gone into Canada and taken up the cheap lands in the vicinity of Manitoba.

Senator TELLER. Fifteen thousand, you say?

Mr. MANDERSON. Fifteen thousand farmers, representing, as President Harris, of the Burlington road, told me (and he is well informed upon the subject), probably forty to fifty thousand people who have made exodus from Iowa into Canada in the last two years. That movement has been not only from Iowa, but from other Western and Northwestern States—Illinois, Minnesota, Wisconsin, Nebraska, and so on—these parties selling their lands in those States, that have gone to a very high price, and taking up these cheap lands offered by the Canadian Government.

Now, if the sugar-beet industry continues, with the immense capa-

bilities that arise from the irrigation of lands, I think we can probably stop to a large extent that immigration from us, which, of course, is not desirable, because it takes the most active and virile portion of our Western population. That is a collateral inducement to the fostering of this industry, which, to my mind, more than any other industry that has ever been started in this country (I do not care what it may be), has been the creature born of legislation by the Congress of the United States. Every tariff bill that has been passed has been an invitation to these beet-sugar makers to embark their money in this enterprise. The experiments made by the Government (made, as I recall it, in no line of manufacture) in maintaining its experiment stations all through the West to show the capabilities for producing beet sugar were an invitation to these people to embark in this industry. It is the foster child of Congressional enactment, and to injure it by direct or indirect methods is, to my mind, as objectionable, not to say as criminal, a blow as this country could receive.

I am not sufficiently expert to know whether a 20 per cent reduction in the tariff on sugar imported from Cuba would destroy this industry. I believe very strongly that it would greatly cripple it. I know of three cases—two in the State of Colorado and one in the State of Wyoming—where it has been proposed to build large beet sugar factories on irrigated lands. Those schemes have been postponed or wholly abandoned simply because of this threat that there will be this boon to Cuba.

Senator TELLER. There are more than that in Colorado.

Mr. MANDERSON. There are two to my knowledge; and the reason I know of them is that those were to be located on the line of the Burlington Railroad, of which road I am the general solicitor west of the Missouri River.

Senator TELLER. There are at least five such companies in Colorado.

Mr. MANDERSON. The Burlington Railroad has a very great interest for traffic and transportation purposes in the increase of these sugar factories. It settles up the land along our lines; it gives us a carriage that we would not otherwise obtain, and, with everybody else in the West, we are anxious that this industry should be helped rather than crippled.

Senator TELLER. Have the farmers found it, as a rule, a profitable thing to raise beets?

Mr. MANDERSON. Yes; not so much in Nebraska now, because of the very high price of corn and wheat; but on irrigated lands, where the production of the smaller grains is not materially advanced, or at least not advanced in the great proportion that it is advanced in sugar beets, the farmers are not only deeply interested, but are very anxious to embark in the cultivation of beets where they are not now grown.

I have visited the sugar fields of Cuba in years gone by. In the month of March, being in Mexico, I visited the sugar plantations there. I went at one time during the season to Rocky Ford, in your State, Senator Teller, and the extent of the sugar-beet production there and the amount of saccharine substance in the beets there grown was astonishing to me.

Senator TELLER. Did you go to Sugar City?

Mr. MANDERSON. No.

Senator TELLER. That is in Colorado, too.

Mr. MANDERSON. I think all that is needed is to hold on to this industry, and the business of the refiners will be gone. I do not wonder

and I do not blame the gentlemen who have these enormous interests, amounting, probably, to a hundred million, in refineries, that they go to any honorable and decent extent to save their own property and hurt the beet-sugar industry, which is threatening their business; but I really believe the Government of the United States could better afford to give the market price for the stock of the refineries of this country, or even pay par for the stock and let them gradually pass out of sight, and foster this industry, than administer any blow that would destroy the production of beet sugar.

The CHAIRMAN. You are still the attorney for the beet-sugar people?

Mr. MANDERSON. I am their counsel; yes, sir.

The CHAIRMAN. And you are the attorney for the Burlington Railroad, which, you say, is to reap an advantage from the growth of this industry?

Mr. MANDERSON. Yes, sir; that is my main business. I am not here, however, as the attorney of the beet-sugar company. I am in Washington on business connected with the Burlington road; and happening here at this time, at the request of Mr. Teller and the invitation of the committee I came here as a witness.

The CHAIRMAN. It is quite probable that if the attorney of the Sugar Refining Company came here he would present the matter in an entirely different light, is it not?

Mr. MANDERSON. That would depend on his regard for truth, and the amount of knowledge he might have of the matter.

Senator TELLER. I do not see how he could present it very differently.

The CHAIRMAN. That is, you are infallible?

Mr. MANDERSON. No; I am not infallible; but I really think I have not spent a good many years of study of this question and have not had the object lessons that are before me constantly out there without some advantage to myself.

The CHAIRMAN. The attorney of the refiners would have an object lesson from his standpoint, would he not?

Mr. MANDERSON. It is quite likely. I want it understood, however, Senator Platt, that what I have said to you in connection with this matter, aside from this sugar war on the Missouri River, is not given in my capacity as an attorney for any beet-sugar company. It is given to you from my standpoint as a citizen of the United States, desirous of advancing its welfare, and not in the capacity of an attorney at all.

The CHAIRMAN. When were the contracts dated which you have produced here?

Mr. MANDERSON. They were dated some time during the summer. I have put in these forms, filling up the blanks so that they might be understood, using the dates "July 1" and "July 10."

The CHAIRMAN. They were dated before the 1st of October, then?

Mr. MANDERSON. Oh, yes.

The CHAIRMAN. The sugar refiners, then, after these contracts were made, reduced the price from \$5.12 to \$3.50 to certain parties at Missouri River points?

Mr. MANDERSON. Yes, sir.

The CHAIRMAN. And you advised the beet-sugar people that they were not bound by their contracts to follow that price down and sell at 10 or 20 cents a hundredweight less than the \$3.50 price?

Mr. MANDERSON. Yes, sir.

The CHAIRMAN. When they took your advice, and of course notified their customers that they were not going to do it, the price went back to \$5.12, did it not?

Mr. MANDERSON. Oh, no; no, sir. It continued at \$3.50 for quite a considerable time to these few individuals and in this limited quantity. The open-market price continued at a much higher price per hundred during all the winter.

The CHAIRMAN. Then I will put it this way: There came a time when they withdrew this \$3.50 price to these parties, did there not?

Mr. MANDERSON. Yes; they withdrew that price at the same time the open-market price for sugar was lowering, late in the winter of 1901-1902.

The CHAIRMAN. Do they sell now to these parties at a less rate than the open-market price?

Mr. MANDERSON. That I do not know; I am not informed on that question.

The CHAIRMAN. Those contracts propose to guarantee to the jobber a rate which is 20 cents a hundred pounds less than the open or bona fide price of the American Sugar Refining Company.

Mr. MANDERSON. Yes; if an open differential was put in they would go down that far, but not beyond.

The CHAIRMAN. And they reserved to themselves the option of going below that or not?

Mr. MANDERSON. That is as I understood it.

The CHAIRMAN. What did you understand they were making those contracts with the jobbers for?

Mr. MANDERSON. For the purpose of selling their sugar when it was ready for the market. That was the only purpose.

The CHAIRMAN. These jobbers were persons who had been buying of the American Sugar Refining Company, were they not?

Mr. MANDERSON. They had been buying of both the American Sugar Refining Company and the American Beet Sugar Company. There was not enough beet sugar made in any one year by the beet-sugar people of Colorado or of Nebraska to furnish the jobbers at Missouri River points. They would have to buy of both.

The CHAIRMAN. They had been buying of the beet-sugar people at 10 cents less per hundredweight than they were buying of the American Refining Company?

Mr. MANDERSON. Always.

The CHAIRMAN. Now, the beet-sugar people said to these parties: "We will guarantee you against a drop of 20 cents from the ordinary difference," did they not?

Mr. MANDERSON. That, I presume, would be the natural interpretation of the 20 cents differential clause.

The CHAIRMAN. Was not that for the purpose of getting away the customers of the American Sugar Refining Company?

Mr. MANDERSON. No; I do not think it was. That differential clause, I think, has been in every contract that they have made for years, and I think its purpose was that in the event that the American Sugar Refining Company should cut the price down to that extent they would meet that cut, because the American Refining Company was not only marketing cane sugar, but was also marketing beet sugar, and selling that beet sugar; and the Spreckels of California were bringing in beet

sugar at 10 cents below the open-market price of cane granulated, and I understand at times at 20 cents below.

The CHAIRMAN. Do you know about that?

Mr. MANDERSON. I know about it from hearsay; I do not know it positively.

The CHAIRMAN. Do you think the American Sugar Refining Company had been making a 20 cents a hundred pounds difference previous to this?

Mr. MANDERSON. I understand that they had, through the Spreckles Company, of California, I ought to say, however, that I have but little knowledge of that matter. The question that came to me was not a question whether they should meet a 20-cent-reduction, but whether they should meet this reduction in price from \$5.12½ to \$3.50 under these contracts.

The CHAIRMAN. Exactly. Now, is it not apparent, Mr. Manderson, that the beet-sugar people undertook to get the trade which had been previously enjoyed by the American Sugar Refining Company by promising their customers that they would guarantee a 20 cents differential?

Senator TELLER. Mr. Chairman, I suggest an error in your question, because it had not been previously enjoyed by them any more than it had been by the beet people.

Mr. MANDERSON. The market had been theirs wholly up to the time beet sugar was produced, and since the time that beet sugar has been produced these jobbers have bought of both these factors.

The CHAIRMAN. At 10 cents difference?

Mr. MANDERSON. Yes, sir; at 10 cents a hundred pounds less for beet than for cane sugar.

The CHAIRMAN. Why do you think they made a contract guaranteeing them against a 10 cents a hundred pounds differential? What reason had they to anticipate any such thing?

Mr. MANDERSON. Oh, I do not know what their reason was for anticipating it. Not being a salesman of the Beet Sugar Company, but simply its attorney; I do not know what their idea was in that regard. It probably was to sell their sugar at any price at which they could afford to sell it. They could, probably, without loss to themselves, meet that 20 cents differential, but when it came to a drop of a little over a cent and a half a pound that was a very different proposition.

The CHAIRMAN. Was not the result of these contracts that these people who had been previously purchasing of the American Sugar Refining Company ceased to purchase of them and purchased of the beet-sugar people?

Mr. MANDERSON. They did not. They continued to buy both of the American Sugar Refining Company and the beet-sugar people, as I understood it. They would be forced to do it, Senator Platt, for the reason that there was not beet sugar enough made within shipping distance of the Missouri River to supply the demand for it.

The CHAIRMAN. Had there been any such contracts made previous to the time these contracts were put out?

Mr. MANDERSON. Previous to 1901?

The CHAIRMAN. Well, previous to the time these contracts were first made?

Mr. MANDERSON. Why, always, as I understand.



The CHAIRMAN. With 20 cents difference?

Mr. MANDERSON. I think so as to 20 cents. I am sure of it as to the 10 cents.

The CHAIRMAN. Oh, certainly, as to the 10 cents. We all understand that that was a rule.

Mr. MANDERSON. Yes.

The CHAIRMAN. But do you not think the guaranty of the 20 cents a hundred pounds difference appeared for the first time when these contracts were put out?

Mr. MANDERSON. That I do not know. I think not; but of that I am not positive. That was not a question that came to me.

Senator TELLER. There was no guaranty of 20 cents difference unless the trust made it on their sugar.

Mr. MANDERSON. Of course: that is what the differential was.

The CHAIRMAN. Exactly.

Senator TELLER. And Mr. Leavitt testified very distinctly that before these contracts were made they had been selling at  $12\frac{1}{2}$  cents lower, and I think at 20. He certainly said it was at  $12\frac{1}{2}$ . I refer to the Spreckels concern.

The CHAIRMAN. The 10 cents per hundred pounds difference was never objected to but acquiesced in by the American Sugar Refining Company, was it not?

Mr. MANDERSON. So I understood it. It has always existed.

The CHAIRMAN. They did not like the offer of the beet people to protect their customers against a 20 cents difference?

Mr. MANDERSON. Well, I can guess at the motive that actuated them, perhaps, with a little better satisfaction to myself than the suggestion you make. I do not think the 20 cents differential worried the refiners particularly. I think the large increase and growth of the beet-sugar industry was worrying them very greatly, and their desire was to cripple it if possible. That is my guess at it.

Senator TELLER. There would not be any 20 cents differential unless they made it themselves. That appears from the contract.

Mr. MANDERSON. I can not account in any other way for their selling at Missouri River points sugar that cost them \$4.10 at \$3.50, unless it was to try to destroy the beet-sugar industry.

The CHAIRMAN. After all, was it not perfectly natural that if the beet-sugar people said "We will guarantee you against any reduction in price to the extent of 20 cents a hundred pounds" they should meet it by a greater reduction in the price of their sugar?

Mr. MANDERSON. Yes; I do not know that that is unnatural, nor is it unnatural that the American Sugar Refining Company should, even at very, very great loss to itself, inflict a more serious loss upon the beet-sugar people. That is one of the combats of trade.

The CHAIRMAN. What is the corporate name of your clients represented by Mr. Howe?

Mr. MANDERSON. The American Beet Sugar Company.

The CHAIRMAN. What is its capital?

Mr. MANDERSON. I do not know.

Senator TELLER. Is that the Oxnard Company?

Mr. MANDERSON. Yes; that is the Oxnard-Cutting Company.

Senator TELLER. Does that include the Rocky Ford factory?

Mr. MANDERSON. Yes.

The CHAIRMAN. They have five factories?



Mr. MANDERSON. Yes; they have five factories.

The CHAIRMAN. Under one management?

Mr. MANDERSON. All of which they built themselves, and none of which they purchased from others. I have no stock or financial interest in any of them.

The CHAIRMAN. Is it a fact that they did not include in their corporation establishments that had been built by others?

Mr. MANDERSON. Yes, sir; every one of these factories was built by the Oxnards, the Cuttings, or the American Beet Sugar Company. It is all practically one. They own a large majority of the stock. In other words, it was not a combination of establishments that were in opposition to each other; and they do not come under the head of mergers or trusts, as I understand.

The CHAIRMAN. It was an incorporation of five individual companies?

Mr. MANDERSON. No; I think not. It was an incorporation, perhaps, of two. That is my impression—that the incorporation was of the two Nebraska companies. One was known as the Norfolk Sugar Company and the other as the Oxnard Sugar Company. These two were brought together and formed the American Beet Sugar Company; and that American Beet Sugar Company built the Rocky Ford factory, and, I think, the ones at Chino and Oxnard, Cal.

The CHAIRMAN. There were only two, then, at the time of the incorporation under the American Beet Sugar Company?

Mr. MANDERSON. That is my impression.

The CHAIRMAN. A single word about your idea—I do not think it very material to the issue—that you are going to raise, under favorable conditions of legislation, sufficient beet sugar to supply the entire demand of the United States. At present the consumption is about 2,500,000 tons, is it not?

Mr. MANDERSON. About 2,500,000 tons, I believe.

The CHAIRMAN. What effect do you think that immense development will have on the price of sugar?

Mr. MANDERSON. I think it will reduce the price.

The CHAIRMAN. And yet you think the beet-sugar people can meet it, so that the development can go on?

Mr. MANDERSON. I do. I think that with the growth of this industry there will be found cheaper and better methods of cultivating the beet, harvesting it, and producing sugar from it. Unquestionably great strides have already been taken in that direction. Its history is like the history of everything else Americans have produced. Their ingenuity seems to be equal to the task of saving labor and cheapening the cost of the product. I think it will be so in this industry. If we produce all the sugar we need, I do not see why it should follow that there will be an advance in the price to the consumer; but of course that is mere speculation. I am not a prophet.

The CHAIRMAN. My question is only directed to your expectation that the beet-sugar production of this country could supply the demand for sugar in this country. The point is whether it would not create such an over production of sugar that the price would go down to a figure where it would be unprofitable, and therefore check the development.

Mr. MANDERSON. That might be.

The CHAIRMAN. Your idea is that it could be produced more cheaply than cane sugar elsewhere, I suppose?

Mr. MANDERSON. Well, I do not know about that. Under existing conditions, with labor paid what it is—for instance, in Mexico, 40 cents a day on the sugar haciendas, which means about 19 cents a day in American money—if Mexico should largely increase its product——

The CHAIRMAN. How much sugar do we get from Mexico?

Mr. MANDERSON. We do not get any. They do not make any export sugar; but they have the capability to do it, perhaps.

The CHAIRMAN. What would be the effect on Louisiana cane sugar?

Mr. MANDERSON. I think it would injure it.

The CHAIRMAN. What would be the effect on Cuban sugar?

Mr. MANDERSON. That would depend on Cuban conditions. If we Americanize Cuba, either by annexation or in any other way, there probably would be a rise in the price of labor in Cuba that would raise the cost of its production. Of course as the cost of labor in Cuba is increased it will increase the cost of making the sugar. All those things enter into the calculation. He is a very wise man who can give the details of the future.

The CHAIRMAN. I assume from what you have said that you expect that this development can only take place by keeping our present duty on sugar?

Mr. MANDERSON. I certainly would not change the present tariff on sugar, nor would I interfere with it in the least degree. I think we are at a point where we are doing so well that it is well to let it alone.

The CHAIRMAN. Speaking of this pamphlet which has been put in here entitled "Facts About Sugar," have you seen a much larger pamphlet, which has been extensively circulated, containing newspaper articles from all over the West attacking the trusts?

Mr. MANDERSON. I think I saw such a document since coming here. I have seen such a mass of that sort of stuff that I hardly know what I have seen and what I have not. I have not read any of it.

The CHAIRMAN. So that the pamphleteering has not been entirely upon one side, has it?

Mr. MANDERSON. Probably the bombardment on the one side has been returned by the other.

The committee thereupon adjourned subject to notice.

SUBCOMMITTEE OF THE COMMITTEE ON  
RELATIONS WITH CUBA, UNITED STATES SENATE,  
*Washington, D. C., Monday, May 19, 1902.*

The committee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

**TESTIMONY OF GEORGE R. MOSLE.**

GEORGE R. MOSLE, having been first duly sworn by the chairman, testified as follows:

The CHAIRMAN. What is your business?

Mr. MOSLE. Commission merchant and importer.

The CHAIRMAN. Of what?

Mr. MOSLE. West India trade.

The CHAIRMAN. Including sugar?

Mr. MOSLE. Sugar; yes.

Senator TELLER. You belong to a company, do you?

Mr. MOSLE. Yes, sir; "Mosle Brothers" is the name of the firm.

The CHAIRMAN. Is sugar your sole business?

Mr. MOSLE. No, sir. We deal in cedar, mahogany, and generally in West Indian products.

The CHAIRMAN. But as to sugar, you are brokers and commission merchants?

Mr. MOSLE. Commission merchants only.

Senator TELLER. Not brokers?

Mr. MOSLE. I might better say that we are factors, or selling agents. We hold the same relation to the sugar factories in Cuba that the dry goods commission merchants in New York hold to the cotton or woolen factories in New England.

Senator TELLER. What do you call yourselves, then?

Mr. MOSLE. Commission merchants and bankers.

The CHAIRMAN. How long has your house been in existence?

Mr. MOSLE. Under its present name, since 1879.

The CHAIRMAN. Was the same business carried on previously under another name?

Mr. MOSLE. Yes, sir. My father was a partner in the firm of E. Pavenstedt & Co. for twenty years before that.

The CHAIRMAN. In the same business?

Mr. MOSLE. Yes, sir.

The CHAIRMAN. Have you read the testimony given to this committee by Mr. Bryson about the Senado and Congresso plantations?

Mr. MOSLE. Yes, sir.

The CHAIRMAN. He says:

"The Senado and the Congresso are owned by the Sanchez Brothers and Mr. Havemeyer, through Mosle Brothers, in New York, who hold the mortgages and are go-betweens between the Sanchezes, who hold the land, and Mr. Havemeyer, who advanced the money for the machinery and improvements."

Is that so, Mr. Mosle?

Mr. MOSLE. It is not.

The CHAIRMAN. Has your firm anything to do with the Senado and Congresso sugar plantations?

Mr. MOSLE. Yes, sir.

The CHAIRMAN. State what it is.

Mr. MOSLE. We have been their bankers and selling agents since 1880; and we have since 1880 sold all the sugars produced on those plantations, and have furnished all the money and all the advances to carry on those factories and plantations. We hold a mortgage on the Senado plantation, which is the only one of the two in existence to-day. The Congresso is defunct, destroyed.

The CHAIRMAN. Have either the American Sugar Refining Company or Mr. Havemeyer anything to do with the matter?

Mr. MOSLE. Nothing whatever.

The CHAIRMAN. Have they had at any previous time?

Mr. MOSLE. No, sir.

The CHAIRMAN. Did Mr. Havemeyer advance the money for the machinery and improvements?

Mr. MOSLE. Never.

Senator TELLER. What is your relation to the American Sugar Refining Company?

Mr. MOSLE. Whenever we have sugar to sell we give them a chance to buy it.

Senator TELLER. Do you sell much sugar to them?

Mr. MOSLE. A great deal; that is to say, a great deal of the product of these factories with which we are dealing.

Senator TELLER. I will ask you to tell us with what factories or plantations in Cuba you are connected.

Mr. MOSLE. The Senado plantation, which is the property of a Mr. Sanchez. He is the sole owner, and he is not an American citizen. I see this gentlemen has stated here that he was. His name is Bernardo Sanchez.

Senator TELLER. Where does he reside?

Mr. MOSLE. He resides on his plantation, in the province of Puerto Principe.

Senator TELLER. You say he is not an American citizen?

Mr. MOSLE. I do.

Senator TELLER. How do you know that?

Mr. MOSLE. Because he was unable to make claims for damages as an American citizen. At the close of the war we tried to see if we could not get the Government of the United States to refund some of the damages suffered by him, which were very heavy.

Senator TELLER. Is there such a concern as Sanchez Brothers down there?

Mr. MOSLE. That is another party in a different province. They own the Santa Lucia plantation, in Santiago Province.

Senator TELLER. How far is that from this Senado plantation?

Mr. MOSLE. It is in the adjoining province.

Senator TELLER. What is the distance? How far apart are the estates?

Mr. MOSLE. Do you mean from one plantation to another?

Senator TELLER. Yes.

Mr. MOSLE. I could not tell. I suppose it is 200 miles.

Senator TELLER. Are they citizens of the United States?

Mr. MOSLE. No, sir. The Santa Lucia plantation is owned by five or six brothers and sisters, of whom one was born in Florida during the course of the revolution in Cuba in 1867 or 1868.

Senator TELLER. And he is a citizen of the United States?

Mr. MOSLE. He is a citizen of the United States.

Senator TELLER. That is evidently the concern about which Mr. Bryson was talking, because he says one of them was born in the United States (p. 104).

"I think one of them was born in the States; probably two. There are three or four of them. They are Cubans, but they have always been Americans."

He is talking, not about the Sanchez you are talking about, but the owner of the Senado plantation. What have you to do with this other plantation; the last one you have mentioned?

Mr. MOSLE. We are the bankers for the factory. The factory and plantation are one. In these two instances, when my father went into the sugar business in Cuba, about 1880, he went into those provinces because they were the least populated and most fertile; and these parties owned their factories and their lands, which he thought was the most economical method of producing sugar for the market.

Senator TELLER. Have you been advancing money to that concern as well as the one you mentioned?

Mr. MOSLE. Yes, sir; continuously.

Senator TELLER. You have mortgages on both of these estates, instead of on one?

Mr. MOSLE. Yes, sir.

Senator TELLER. Are the two families related?

Mr. MOSLE. Not at all. Sanchez is a very common name there; it corresponds to Smith in our country.

Senator TELLER. Mr. Bryson said:

"One of the Sanchez, of the Senado and Congresso, was American consul or consular agent in Puerto Principe at one time."

To whom does he refer there?

Mr. MOSLE. He probably refers to a brother of the owner. The owner, as I said, was a Mr. Bernardo Sanchez, sole owner of the Senado plantation. He had a brother out there who was for many years American consular agent at Nuevitas.

Senator TELLER. Not the same man?

Mr. MOSLE. No, sir.

Senator TELLER. How did he become a citizen of the United States? Do you know anything about it?

Mr. MOSLE. He was not a citizen of the United States. I know that he was not, because we had charge of his estate when he died.

Senator TELLER. How did he come to be consul if he was not a citizen?

The CHAIRMAN. He was consular agent.

Senator TELLER. Oh! He was not consul?

Mr. MOSLE. No, sir; he was not consul.

Senator TELLER. He said he was consul or consular agent. You think he was consular agent and not consul.

What is your personal acquaintance with affairs down there, Mr. Mosle?

Mr. MOSLE. It extends over fifteen years. I graduated from Yale in 1886, and have since been continuously in touch with Cuban affairs. That is our principal business. I have been down there myself, once before the war and once after the war. I was down there last year for three months.

Senator TELLER. Where did you remain; in what part of the island?

Mr. MOSLE. I was in every province of the island.

Senator TELLER. All over the island?

Mr. MOSLE. Yes; we have 20 or 30 correspondents in a great many places.

Senator TELLER. How many correspondents have you down there who are American citizens?

Mr. MOSLE. None.

Senator TELLER. None at all?

Mr. MOSLE. No, sir.

Senator TELLER. How many estates do you know down there that are owned and controlled by American citizens or corporations?

Mr. MOSLE. I could not answer that question; I am not acquainted with the facts. Our business is limited to these two factories and plantations. I know that the United Fruit Company own a large sugar factory at Centrale Boston, in Santiago Province.

Senator TELLER. That is the one of which Mr. Preston is the president?

Mr. MOSLE. I believe so.

Senator TELLER. Have you very much personal knowledge about their business, or is it only general hearsay?

Mr. MOSLE. No; not at all.

Senator TELLER. Do you know any more about these estates than you have stated?

Mr. MOSLE. I would like to tell anything that will interest you about them, but I do not want to offer too much conversation. I can tell you about the cost of production, if you like. We have been following that for a great many years.

Senator TELLER. That the chairman objects to your telling.

The CHAIRMAN. One man said something here about the cost of production. We have about a four weeks' job before us, and I want to shorten it as much as possible.

Mr. MOSLE. I can tell you something about the dealings with the American Sugar Company, if you like. I have noticed in the papers——

Senator TELLER. I will ask you something about that. You said you sold to them?

Mr. MOSLE. Yes, sir.

Senator TELLER. Now, I want to know how much you have sold to them since the 1st of last January, and when you sold it.

Mr. MOSLE. I have not these facts with me. We receive sugars from those two factories by the steamers of the Munson line every fortnight, regularly. We have a regular contract with Munson to carry up their sugar; and either before it sails from Cuba or while it is afloat we sell it to the buyer who will pay the most for it. I presume half of our sales have been to the American Sugar Refining Company, and half of them to the Arbuckles Brothers and B. H. Harleson & Co. since January 1.

Senator TELLER. Can you send in to the committee a statement of those matters?

Mr. MOSLE. Of the sales made by our firm?

Senator TELLER. Yes; to those people. I suppose that will be accepted as if he had come here himself, Mr. Chairman?

The CHAIRMAN. Oh, yes.



Mr. MOSLE. I notice that the papers think that the American Sugar Refining Company are probably trying to buy up the sugar in Cuba, to the detriment of the Cubans. I would like to say something about that. I have had a little experience along that line.

Senator TELLER. I do not care to have you go into that subject. I did not suppose they had bought it up. I did not suppose they would be so foolish as to go and buy it up when they could handle it just as well without buying it up. When you buy sugar, how do you buy it?

Mr. MOSLE. We do not buy it.

Senator TELLER. You do not buy it at all?

Mr. MOSLE. No, sir.

Senator TELLER. You simply sell as the agents of the Cuban?

Mr. MOSLE. Yes, sir.

Senator TELLER. How do you sell it—for delivery here, or delivery in Cuba?

Mr. MOSLE. As a rule, delivery duty-paid in New York.

Senator TELLER. Have you sold some of the sugar duty-paid here, and some of it free on board, with duty to be paid?

Mr. MOSLE. We have not, for the reason that we wanted to get the benefit for our friends in Cuba of whatever reduction might be made in the duty; so that in January, February, March, and April, and in fact up to this date we have felt uncertain about it.

Senator TELLER. How could you get the benefit of any reduction in the duty, if you brought the sugar into New York and sold it when there was not any such law?

Mr. MOSLE. We have paid the duty under protest ever since January. We have entered every shipment in the custom-house, and protested against the payment of duty in legal form, for the reason that the Congress of the United States was considering reducing the duty.

Senator TELLER. Were you of the opinion that if in July we should pass a bill reducing the duty 20 or 25 per cent, or any other amount, you would get the benefit of that reduction on sugar delivered in January?

Mr. MOSLE. We felt it our duty to protest against the payment, because we might get it.

Senator TELLER. I do not know but that you might; I will not undertake to say that you could not. I do not see why you should, though.

I want you to send me the statement of what sugar you have sold as agent, or turned over——

Mr. MOSLE. It is a very small amount, Senator, for the reason that the plantations and factor es are holding a good deal of their sugar down in Cuba.

Senator TELLER. It does not make any difference whether it is small or large; I want you to send that statement to the chairman.

The CHAIRMAN. An itemized statement?

Senator TELLER. An itemized statement, with the dates upon which the sugar was delivered, clear up to the time of your last account.

Mr. MOSLE. Yes, sir.

Senator TELLER. Now I want to ask you about putting sugar in bond when it gets to New York. What is your custom about that?

The CHAIRMAN. Storing it in bond, as it is called?

Senator TELLER. Yes; storing it in bond. Do you do that?

Mr. MOSLE. We have not this year, for the reason that we get cheaper storage down in Cuba.

Senator TELLER. So you store it there?

Mr. MOSLE. Yes; more cheaply.

Senator TELLER. When you come to give me this statement of what you have been doing, I want you to show whether sugar has been actually delivered or only contracted for; and if contracted for, where it is now.

Mr. MOSLE. I can tell you now that it has all been delivered—all paid for, delivered, and refined.

Senator TELLER. Do you deliver to anybody outside of New York? Do you deliver to Philadelphia or Boston concerns?

Mr. MOSLE. Yes; we have done so.

Senator TELLER. What have you delivered in Boston?

Mr. MOSLE. Nothing this year.

Senator TELLER. What have you delivered in Philadelphia?

Mr. MOSLE. Nothing this year.

Senator TELLER. Since the 1st of January?

Mr. MOSLE. No.

Senator TELLER. Have you delivered anything in New Orleans?

Mr. MOSLE. No.

Senator TELLER. Is there much sugar carried in New York in bond? I am now speaking of the custom of the trade. You are in it, and know, of course.

Mr. MOSLE. I think very little.

Senator TELLER. I have here a statement of the sugar held in bond in New York on April 1 last, and it seems that there is a good deal of sugar held there. What is the object of putting it in bond? Just explain that.

Mr. MOSLE. With reference to Cuban sugar?

Senator TELLER. Cuban sugar; yes. It is the same, I suppose, with any other sugar, but I am not dealing with any other. I am talking about Cuban sugar.

Mr. MOSLE. It does not have to pay the duty at that time, but when it is removed.

Senator TELLER. When sugar is put in bond, you pay the duty when you take it out?

Mr. MOSLE. Yes, sir.

Senator TELLER. What do you pay the Government for holding it in bond; anything?

Mr. MOSLE. No, sir; there are warehouses that are bonded by the Government, and we pay the warehouses their customary charges.

Senator TELLER. Suppose you wanted to put 100,000 tons of sugar, or any other amount, in bond in New York; where would you put it?

Mr. MOSLE. In a bonded warehouse.

Senator TELLER. That is, a warehouse of which the United States has control?

The CHAIRMAN. Well, no; that is not it.

Mr. MOSLE. The United States has put the warehousemen under bond.

Senator TELLER. At any rate, the Government has control of them, so that it allows this sugar to go in there without paying duty?

Mr. MOSLE. Without paying duty.

Senator TELLER. And to remain there until you get ready to take it out?

Mr. MOSLE. Yes, sir.

Senator TELLER. But do you have to pay the man who owns the warehouse?

Mr. MOSLE. We pay him the regular storage charges.

Senator TELLER. You do not pay it to the Government?

Mr. MOSLE. No, sir.

Senator TELLER. The Government gets no storage charges, and does not pay him anything?

Mr. MOSLE. I am not familiar with his relations with the Government.

Senator TELLER. You do not know whether the Government pays him or not. I presume it does not; does it?

The CHAIRMAN. No; it simply allows a man who builds a warehouse and gives the Government a bond of a certain character to store goods that are brought into port.

Senator TELLER. That is what I understand.

Mr. MOSLE. The duty is paid when the sugar is removed from the warehouse, or taken out for consumption, as they call it.

Senator TELLER. And you have no idea whether at this time there is much or little Cuban sugar held in bond in New York?

Mr. MOSLE. I should think very little, for the reason that the people who put it in bond would not know what the duty would be later on. It is a speculation to put it in bond, in the hope that the duty on Cuban sugar will be less at any subsequent time; but there does not seem to be sufficient chance of the duty on Cuban sugar being reduced to invite much storage of that kind. The majority of us in New York are rather doubtful about its being done.

Senator TELLER. You think there is not much sugar from Cuba held in bond now?

Mr. MOSLE. I think very little.

Senator TELLER. What do you mean by "very little?"

Mr. MOSLE. I should say thirty or forty thousand tons, at a rough estimate.

Senator TELLER. You would call that small, would you?

Mr. MOSLE. Yes, indeed.

Senator TELLER. You think, then, that there is probably not more than thirty or forty thousand tons?

Mr. MOSLE. I do not think there is as much; but I have not looked it up.

Senator TELLER. Have you any personal knowledge of sugar being held now in storage in Cuba?

Mr. MOSLE. I have as far as it relates to the sugar plantations.

Senator TELLER. That is, your own plantations?

Mr. MOSLE. Yes, sir.

Senator TELLER. How much are you holding?

Mr. MOSLE. Fifty thousand bags.

Senator TELLER. Suppose you put it in tons.

Mr. MOSLE. It is about 7,000 tons.

The CHAIRMAN. A little over 7,000 tons.

Senator TELLER. Is that all from those two plantations?

Mr. MOSLE. Yes. From the statistics published in Habana, as well

as from our correspondents, we know that there are about 450,000 tons held in Cuba.

Senator TELLER. Four hundred and fifty thousand tons?

Mr. MOSLE. About 450,000 tons.

Senator TELLER. Is that held at Habana, do you mean, or throughout the whole island?

Mr. MOSLE. Throughout the whole island.

Senator TELLER. What do you think the total product of Cuba is this year?

Mr. MOSLE. Seven hundred and fifty thousand tons.

Senator TELLER. How does it happen that all of you people were saying, in the early part of the winter, that it would be 850,000 tons, and now you have dropped a hundred thousand?

The CHAIRMAN. I do not know whether he said so or not.

Senator TELLER. It was published in all the papers that all the brokers down there said so. These companies published a statement, which I can find, in which they said it would be 850,000 tons.

Mr. MOSLE. We published nothing.

Senator TELLER. Did you not publish any circulars?

Mr. MOSLE. But the tendency of all agriculturists is to overestimate their crops, with the object of getting as large advances as possible. Usually their crops do not turn out as large as they say beforehand. Those estimates were sent out from Cuba; I saw them.

Senator TELLER. You do not think this reduction, then, comes from any desire not to frighten the domestic sugar growers?

Mr. MOSLE. It comes in part from overestimating the crop and in part from inability to continue working. A great many of those people have not the money to go on.

Senator TELLER. Will you tell me of any concern in Cuba that has suspended operations and has not ground its crop, or is not intending to grind its crop fully.

Mr. MOSLE. I can not.

Senator TELLER. No; nor anybody else.

Mr. MOSLE. I think I could, with a little investigation, sir.

Senator TELLER. I will have a man here before long who will know more about it, but I will venture to say that you can not find anyone who has failed to grind his crop.

Mr. MOSLE. The sugar situation last fall was already a very critical one on account of the price being low, but most of the plantations in Cuba were enabled to get enough advances in the fall and through the winter to carry them on. That was so, in the first place, because when the amendment to the Cuban constitution was accepted, and ever since, the Cubans as an unit (whether rightly or wrongly) have been under the belief that for the so-called "Platt amendment" they would obtain a favorable commercial treaty with this country. That hope is entertained not only by the Cubans but by many people dealing with Cuba, so that they were enabled to get advances last winter and fall.

Then, when the President's message went to Congress early in December, and the Secretary of War made a very full report about the situation in Cuba, both the President and the Secretary made such strong recommendations that the Cubans were enabled to get still further advances.

Senator TELLER. Without reference to how it was done, they have

succeeded in getting the advances, have they not, and have ground the sugar?

Mr. MOSLE. The larger plantations, certainly. I think there are a great many of the lower grade factories and plantations that have not been able to grind; but I can not name one at this time.

Senator TELLER. I wish you would name one. I venture to say to you that you can not name one, and that statement is a gratuity on your part.

Mr. MOSLE. Yes; entirely. I am not in business with any of those people. Every plantation that could raise the funds, of course, has been grinding, for the reasons I have stated.

Senator TELLER. Do you know anything about the general holdings of Americans in the estates down there? You stated that you did not, I believe?

Mr. MOSLE. I do not.

Senator TELLER. Do you know anything about this new enterprise of Mr. Hawley, the Chaparra plantation?

Mr. MOSLE. Yes; I have been there.

Senator TELLER. Who is interested with Mr. Hawley in that plantation, so far as you know?

Mr. MOSLE. I know nothing about that.

Senator TELLER. Are you interested in it?

Mr. MOSLE. No; I am not interested in it.

Senator TELLER. Is your firm?

Mr. MOSLE. No; not at all.

Senator TELLER. You have no financial relations with it?

Mr. MOSLE. No. I know they have a very fine plantation, because I have seen it; and a very fine factory, because I have seen it and its plans. It is probably the best factory in the world.

Senator TELLER. When did they build it?

Mr. MOSLE. Last year—last summer.

Senator TELLER. They have been grinding this winter?

Mr. MOSLE. This is their first crop.

Senator TELLER. Do you know anything about how much they have ground?

Mr. MOSLE. No, sir.

Senator TELLER. Have you bought any sugar from them, or sold any for them?

Mr. MOSLE. No, sir.

Senator TELLER. You do not have anything to do with them?

Mr. MOSLE. Nothing.

Senator TELLER. If you will send me what I have asked you for, I will be obliged. I want you to make a memorandum of it, so that you will not make any mistake about it. I wish to know what Cuban sugar has gone through your hands in any shape since the 1st of January, to whom, the amounts, the dates, how much of it is still in Cuba, if any, and how much of it is in bond, if any.

Mr. MOSLE. None of it is in Cuba.

Senator TELLER. Would you know whether it was in bond or not?

Mr. MOSLE. I would not, absolutely. Yes; I think I would, though, because we sold it duty paid, I think, in every instance.

Senator TELLER. If it was sold duty paid you would know, because then it would not enter into bond?

Mr. MOSLE. No.

Senator TELLER. It might enter into a warehouse?

Mr. MOSLE. But not into a bonded warehouse.

Senator TELLER. You say you think there are 450,000 tons in Cuba. What do you mean by that—that the rest of the crop has already come out?

Mr. MOSLE. Four hundred and fifty thousand tons are held there; 150,000 have come out. That makes 600,000. I suppose they will produce 100,000 or 150,000 more, making the total 750,000.

Senator TELLER. They have finished grinding, have they not?

Mr. MOSLE. No, sir.

Senator TELLER. Are they still doing it?

Mr. MOSLE. Oh, yes. There are eighty factories, I think, still grinding.

Senator TELLER. They usually finish by this time of the year, do they not?

Mr. MOSLE. The 1st of June. There is some grinding during June and July, but that is the exception.

Senator TELLER. You say 200,000 tons have come out?

Mr. MOSLE. About that.

Senator TELLER. You say "about that." Now, what is it? Is it 200,000, or is it more?

Mr. MOSLE. I have not the statistics. It is not more.

Senator TELLER. You think not more?

Mr. MOSLE. No, sir.

Senator TELLER. I want to ask you about Czarnickow, McDougall & Co. Do you know anything about those people?

Mr. MOSLE. Yes, sir.

Senator TELLER. Have they any estates down there, so far as you know?

Mr. MOSLE. I do not believe they have any estates. I think they are commission merchants and selling agents of Cuban sugar.

Senator TELLER. You do not know that they have any?

Mr. MOSLE. No, sir.

Senator TELLER. I did not ask you, I believe, whether you had any sugar come into Baltimore or not?

Mr. MOSLE. We have not.

Senator TELLER. You do not usually?

Mr. MOSLE. No, sir; very rarely.

The position of these Cuban sugar factories and plantations with which we are connected, and which I think are two of the best in Cuba, is more critical than it ever has been, for the reason that since the outbreak of the war with Spain—during 1895, 1896, 1897, and 1898—they were at a dead standstill. They were suffering loss, while the other countries were going ahead of them.

Senator TELLER. They were at a standstill on account of the war?

Mr. MOSLE. Yes, sir.

Senator TELLER. Were their factories burned?

Mr. MOSLE. No; in neither case was the factory burned; but when the war was over they required vast outlays for repairs, railway supplies, rolling stock, cattle, transportation of cars, and the rehabilitation of their fields.

Senator TELLER. You have been advancing the money, I understand?

Mr. MOSLE. Yes.

Senator TELLER. And taking a mortgage on what?



Mr. MOSLE. On the entire plantation—buildings, rolling stock, and on.

Senator TELLER. How large are those plantations?

Mr. MOSLE. The Senado Plantation and property consists of about 44,000 acres.

Senator TELLER. You have two of them, I believe. What is the size of the other one?

Mr. MOSLE. The other one embraces about 35,000 acres.

Senator TELLER. That is the other?

Mr. MOSLE. The Santa Lucia plantation; yes.

Senator TELLER. If any man gives a mortgage down there it is entered of record, is it not?

Mr. MOSLE. Yes, sir.

Senator TELLER. Where is it entered of record in your case?

Mr. MOSLE. At the capital of the province. I should not say the capital of the province; I think it is the chief town of the jurisdictional district, corresponding to a county.

Senator TELLER. What I want to get at is that there is a record made?

Mr. MOSLE. Yes.

Senator TELLER. Is there a large amount of American holdings of that kind down there?

Mr. MOSLE. I could not tell you.

Senator TELLER. You spoke about the Cubans getting better facilities for borrowing. What interest were they paying heretofore?

Mr. MOSLE. Our mortgages are at 6 per cent.

Senator TELLER. What were they paying during the war? Were they not paying a good deal more?

Mr. MOSLE. No; we made no difference during the war.

Senator TELLER. It was then 6 per cent?

Mr. MOSLE. Six per cent.

Senator TELLER. In addition to that you always had something on the amount of sugar they raised?

Mr. MOSLE. We get a selling commission on the sugar sold. During the war we were obliged to maintain the families of both these parties, who were in New York at the time. They were obliged to flee from Cuba.

Senator TELLER. Of course you had to advance them more money on that account?

Mr. MOSLE. We had to maintain them. They were entirely driven out from their occupations; and to-day, notwithstanding the fact that one of those factories is, I think, one of the best in Cuba, and their own property, we are obliged to advance those people \$400 a month for their family expenses. There is not enough profit in their operations to-day to keep them alive.

Senator TELLER. Upon that do you found your claim that the Government of the United States ought to do something for Cuba?

Mr. MOSLE. I have made no claim.

The CHAIRMAN. Has he made any claim?

Mr. MOSLE. No, sir.

Senator TELLER. Very evidently this gentleman thinks we ought to do something for Cuba.

Mr. MOSLE. I feel that, for the reasons I have stated, the Cubans have been led to believe, with a great deal of reason, that the Government of the United States would make favorable commercial arrange-

ments with them; and I think that but for such belief they would not have accepted the amendment to their constitution.

Senator TELLER. Do you mean to say that they were promised some favorable concession?

Mr. MOSLE. I do not know anything about it. It was the belief of the Cubans with whom I have spoken (and I have spoken with a great many during the last year), and, I may say, it is the universal belief in Cuba that the amendment to their constitution was made by their constitutional assembly with the firm conviction that it would lead to a favorable commercial treaty with this country, which is the principal country that purchases from them.

Senator TELLER. That is, in consideration of their putting the Platt amendment into their constitution we were to yield something to them that we did not yield to anybody else?

Mr. MOSLE. They yielded to the United States, as you may say. They put that amendment into their constitution, in which they gave up a great deal for an independent nation to give up, and they expected something, I presume, for it.

Senator TELLER. Why did they expect it? Were they promised it by anybody?

Mr. MOSLE. Because they were not giving away anything if they could help themselves.

Senator TELLER. You do not take into consideration, and I suppose they did not, the fact that the Government of the United States has spent a mint of money down there, besides some blood.

Mr. MOSLE. Yes; I think they take that into consideration without any doubt. I think they feel very grateful for it. Every man I have seen there does; but that was outside, or before the commercial relations.

Senator TELLER. Then you base your belief that we should afford them relief on the fact that they expect it?

Mr. MOSLE. Not at all.

Senator TELLER. You think, then, that because they accepted the Platt amendment we ought to give them some special privileges?

Mr. MOSLE. In part. The situation in Cuba as compared with the other sugar-producing nations of the world is vastly more critical, for the reason that during the years 1895-1899 they were almost at a standstill in their productiveness, and suffered much destruction, while the other nations went ahead and reaped the advantage of the high prices which resulted from the cessation of Cuba's sugar production.

Senator TELLER. And as they are not American citizens they can not saddle that loss on us, as the American citizens are trying to do. That is what you said—that the Sanchez Brothers were not Americans, and therefore could not make a claim against the Government.

Mr. MOSLE. I am not speaking of any claim. I am speaking of the moral obligation. You asked me how they felt with respect to the——

Senator TELLER. That is your idea of a moral obligation?

Mr. MOSLE. Well, my idea of the treaty—a treaty is a matter of business—is that the Cubans have, by accepting the Platt amendment, given the United States something which would have been a very valuable asset to them when it came to the formal negotiation of the treaty.

The CHAIRMAN. Do you want to pursue this matter, and get his opinions along this line?

Senator TELLER. I do not care anything about it, except that he

volunteered it, so I followed it up a little. I do not care whether it goes in or not.

The CHAIRMAN. It is a wide field of inquiry.

Senator TELLER. I have here a statement from the Treasury Department, which I would like to put in, so that you will have a chance to look at it, as to the importation of sugar.

The statement above referred to is as follows:

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
*Washington, April 9, 1902.*

Hon. J. C. BURROWS,  
*United States Senate.*

SIR: In accordance with your verbal request for a statement showing the quantity and value of sugar imported from Cuba held in bond on April 1, 1902, with names of importers, I have to state that reports from three leading Atlantic ports, New York, Boston, and Philadelphia, show such importations as follows:

Port.	Importers.	Quantity.	Value.	Duties.
Philadelphia .....	The W. J. McCahan Sugar Refining Co.....	2, 414, 206	\$57, 148	\$39, 614. 84
Boston.....	Nash, Spaulding & Co.....	5, 457, 529	101, 803	90, 049. 23
Do.....	The American Sugar Refining Co.....	11, 771, 696	222, 552	206, 834. 20
New York .....	B. H. Howell, Son & Co.....	3, 631, 640	68, 712	53, 384. 42
Do.....	J. M. Ceballos & Co.....	16, 483, 906	282, 161	262, 949. 06
Do.....	Jose Adele Valle.....	765, 116	13, 979	10, 593. 09
Do.....	Lawrence Turnure & Co.....	1, 636, 463	31, 237	26, 985. 14
Do.....	Hormiguero Central Co.....	5, 787, 456	110, 143	96, 386. 91
Do.....	Morewood & Co.....	3, 762, 394	63, 552	60, 992. 04
Do.....	Emilio Puig.....	2, 569, 512	59, 008	40, 536. 14
Do.....	Czarnikow, McDougall & Co.....	11, 846, 943	258, 128	195, 173. 42
Do.....	The Chapana Sugar Co .....	4, 124, 147	88, 893	68, 048. 43
Total .....	.....	70, 251, 008	1, 357, 316	1, 151, 546. 92

The collectors at New Orleans and Baltimore report no Cuban sugars in bond at their ports on April 1, 1902.

Respectfully,

O. L. SPAULDING,  
*Acting Secretary.*

The CHAIRMAN. Mr. Bryson said that your firm were brokers of the Havemeyer and Benedict interests; that a man named Benedict is also interested in one of these two plantations.

Mr. MOSLE. Mr. Benedict has no interest whatever in either of those plantations.

The CHAIRMAN. Do you know Mr. E. C. Benedict?

Mr. MOSLE. No, sir; I do not know him.

The CHAIRMAN. Has any man by the name of Benedict any interest in these two plantations, or either of them?

Mr. MOSLE. None whatever.

#### TESTIMONY OF JOHN FARR, ESQ., OF NEW YORK CITY.

JOHN FARR, having been first duly sworn by the chairman, testified as follows:

The CHAIRMAN. What is your full name, Mr. Farr?

Mr. FARR. John Farr.

The CHAIRMAN. And what is your business?

Mr. FARR. Sugar.

The CHAIRMAN. What is your firm name?

Mr. FARR. Simply "John Farr;" I am by myself at present.

Senator TELLER. When you say "sugar," what branch of the business do you mean? Are you a sugar broker, or a sugar buyer, or a sugar raiser, or what?

Mr. FARR. I sell sugar from the West Indies, principally.

The CHAIRMAN. How long have you been in the business of selling sugar?

Mr. FARR. Since 1881.

The CHAIRMAN. You are in New York, I suppose?

Mr. FARR. Yes, sir.

The CHAIRMAN. Have you read Mr. Leavitt's testimony, given by him the other day, with reference to the price of Cuban sugar as compared with the price of Hamburg sugar?

Mr. FARR. Yes, sir.

The CHAIRMAN. As I remember Mr. Leavitt's testimony, it was to the effect that on a certain day, the 21st of January last, as well as during the whole year, Cuban sugar sold in New York so far below the Hamburg price that the refiner got the advantage of the countervailing duty imposed against German bounty-fed sugars, which amounted to something like 27 cents a hundred pounds. Is that the way you understand his testimony?

Mr. FARR. That is what he said; yes, sir.

The CHAIRMAN. Do you agree with him in that respect?

Mr. FARR. Absolutely not; no, sir.

The CHAIRMAN. State why.

Mr. FARR. I can give you a specific instance. In his testimony he refers particularly to a cargo of 4,000 tons, which arrived about the 21st of January. That is on page 206.

The CHAIRMAN. I asked him:

"Now, do you think the New York price of Cuban sugar landed in New York would be 33½ cents less than the price of Hamburg sugar landed in New York?

"Mr. LEAVITT. I believe it, as the price on the 21st of January (which is undisputed) was 32½ cents a hundredweight less than Hamburg sugar landed there; and 4,000 tons of Hamburg sugar came in just at that time."

That is what you refer to?

Mr. FARR. Yes, sir. I have here copies of the contracts for the 4,000 tons of sugar which arrived at that time; and I have here a contract which I made for 8,000 tons of Demerara sugar, made about the same day—both December 9.

The CHAIRMAN. What was the price?

Mr. FARR. The price received for the Demerara sugar, duty-paid, was 3.8037. The price paid for the beet sugars was 3.784, including the countervailing duty, and allowing 25 cents for difference. This is a calculation by the seller, Mr. Luede, who is the most experienced man in New York.

Here are copies of my contracts made the same day for Demerara sugars. I received 3 cents a hundred pounds more for the Demeraras than they got for the beets. In other words, I received the countervailing duty and 3 cents more on the same day.

The CHAIRMAN. Do you know whether there was any difference between the price of Demerara and Cuban sugars on the same day?

Mr. FARR. No, sir; the same price. They get the same price exactly.

Senator TELLER. That was the price of Cuban sugar on that day, was it?

Mr. FARR. There was not any Cuban sugar on that day, because it was all sold out in December.

Senator TELLER. Then how can you say it was the same price?

Mr. FARR. It would sell at the same price. It is the same grade of sugar.

The CHAIRMAN. Is there, in fact, a difference on the same day between the price of Cuban sugar and Demerara sugar?

Mr. FARR. No, sir.

The CHAIRMAN. They both sell for the same?

Mr. FARR. They both sell for the same price.

The CHAIRMAN. So that you think Mr. Leavitt was mistaken?

Mr. FARR. I am sure he was mistaken, because those are the facts.

The CHAIRMAN. You do not know what the average price of Cuban and Hamburg sugars was during the year 1901, do you?

Mr. FARR. Yes, sir; I can give it to you. I have the figures here.

The CHAIRMAN. Where do you get them?

Mr. FARR. I got them from the Statistical Trade Journal of Willett & Gray, who made them up.

The CHAIRMAN. The Weekly Statistical Trade Journal?

Mr. FARR. The official quotations. They can not be contradicted, because they are taken from the official figures. You will notice that in 1901, for four months, cane sugars were selling higher than beets; four months at about the same figures; and four months slightly under parity.

The CHAIRMAN. At this point I will put in the record the figures to which the witness refers.

The figures referred to are as follows:

*German beet sugars 88 per cent analysis per 112 pounds f. o. b. Hamburg, with equivalent in cents per pound for 96° test centrifugals at New York, compared with market price at New York.*

	1901.			1900.			1899.		
	Rate.	New York equivalent.	New York price 96°.	Rate.	New York equivalent.	New York price 96°.	Rate.	New York equivalent.	New York price 96°.
January 1.....	s. d. 9 1½	4.20	4.375	s. d. 9 2½	4.22	4.25	s. d. 9 5½	4.27	4.31
February 1.....	9 3	4.23	4.25	9 9	4.34	4.44	9 9½	4.34	4.25
March 1.....	9 2½	4.22	4.19	9 8½	4.33	4.375	9 8½	4.32	5.375
April 1.....	8 1½	4.16	4.03	10 1½	4.41	4.41	10 1½	4.44	4.44
May 1.....	9 2½	4.22	4.25	10 6½	4.50	4.44	11 3	4.66	4.625
June 1.....	9 5½	4.27	4.25	10 9	4.56	4.56	11 0½	4.62	4.625
July 1.....	9 3	4.23	4.22	11 2½	4.65	4.69	10 4½	4.46	4.50
August 1.....	9 3	4.23	4.15	11 9	4.78	4.875	10 10½	4.59	4.50
September 1.....	8 0	3.95	3.81	11 3½	4.67	4.875	10 0½	4.40	4.50
October 1.....	7 6½	3.84	3.75	10 0	4.39	5	9 5½	4.27	4.31
November 1.....	7 1½	3.75	3.81	9 5½	4.27	4.375	9 0½	4.19	4.31
December 1.....	7 2½	3.76	3.75	9 9	4.38	4.375	8 1½	4.16	4.25

German beet sugars 88 per cent analysis per 112 pounds f. o. b. Hamburg, etc.—Cont'd.

	1898.			1897.			1896.		
	Rate.	New York equiv- alent.	New York price 96°.	Rate.	New York equiv- alent.	New York price 96°.	Rate.	New York equiv- alent.	New York price 96°.
	s. d.			s. d.			s. d.		
January 1.....	9 4½	4.26	4.25	9 2½	3.18	3.18	10 9	3.69	3 75
February 1.....	9 1	4.20	4.06	9 0	3.13	3.18	11 9	4.01	3.875
March 1.....	9 3½	4.24	4.18	8 9½	3.07	3.25	12 3½	4.17	4.125
April 1.....	9 0½	4.19	4.125	9 0	3.03	3.375	12 4½	4.20	4.18
May 1.....	9 3	4.23	4.25	8 10½	3.09	3.25	12 3	4.16	4.25
June 1.....	9 8½	4.33	4.31	8 8½	3.05	3.25	10 6½	3.61	3.875
July 1.....	9 4	4.25	4.25	8 6	2.97	3.50	9 11½	3.42	3.50
August 1.....	9 4½	4.26	4.125	8 6	4.06	3.75	9 10½	3.40	3.375
September 1.....	9 6½	4.28	4.375	8 10½	4.15	3.75	9 0½	3.14	3.25
October 1.....	9 6½	4.29	4.25	8 8½	4.10	3.94	8 9½	3.06	3.06
November 1.....	9 7½	4.30	4.31	8 6	4.06	3.81	9 1½	3.17	3.25
December 1.....	10 0½	4.42	4.44	9 0	4.18	3.875	9 2	3.18	3.25

	1895.			1894.			1892.		
	Rate.	New York equiv- alent.	New York price, 96°.	Rate.	New York equiv- alent.	New York price, 96°.	Rate.	New York equiv- alent.	New York price, 96°.
	s. d.			s. d.			s. d.		
January 1.....	9 6½	3.30	3.00	12 6½	3.07	2.875	.....	.....	.....
February 1.....	9 3½	3.22	3.18	12 8½	3.10	3.06	.....	.....	.....
February 27.....	.....	.....	.....	.....	.....	.....	6 9½	3.68	3.625
March 1.....	9 2	3.18	3.00	12 9	3.11	3.18	.....	.....	.....
April 1.....	9 3	3.21	3.00	12 6	3.06	2.94	.....	.....	.....
May 1.....	9 9	3.36	3.125	11 6½	2.86	2.75	.....	.....	.....
June 1.....	10 0	3.44	3.375	11 9½	2.91	2.75	.....	.....	.....
July 1.....	9 8½	3.35	3.25	11 9	2.90	3.125	.....	.....	.....
August 1.....	9 10½	3.40	3.25	11 8½	2.80	3.125	.....	.....	.....
September 1.....	9 6	3.29	3.25	12	4.08	3.75	.....	.....	.....
October 1.....	10 9½	3.70	3.56	10 1½	3.48	3.75	.....	.....	.....
November 1.....	10 6	3.60	3.37	9 11½	4.42	3.50	.....	.....	.....
December 1.....	10 6	3.00	3.375	9 9½	3.37	3.50	.....	.....	.....

DUTY.

Free to August 28, 1894.  
From August 28, 1894, 40 per cent ad valorem, plus one-tenth cent against bounties.  
From July 27, 1897, present tariff.  
These quotations are per hundredweight, 112 pounds. To turn any of these quotations into United States currency per pound, multiply 0.218 by the quotation, after making a fraction of the pence.  
Example: 9s. 6d. = 9 6-12; 9s. 5½d. = 9 5½-12; 32s. ½d. = 32 ½-12; 9 6-12 × .218 = 2.071 cents per pound United States currency.

The CHAIRMAN. These figures show, Mr. Farr, that on January 1 and February 1, 1901, Cuban sugars were a little higher than the Hamburg price. On March 1 and April 1 they were a little lower. On May 1 they were a little higher. On June 1 they were a little lower. On July 1 they were a little lower; August 1, lower; September 1, lower; October 1, lower; November 1, higher, and December 1 a trifle lower. How do you account for the fact that on a given day they were either higher or lower than Hamburg sugars?

Mr. FARR. That is rather a complicated question to answer, Senator.

The CHAIRMAN. What makes the comparative price fluctuate, then?

Mr. FARR. The market conditions—demand and supply. For instance, last week the Hamburg quotations for beet sugars were rather higher than the New York price for cane sugars; but the American Sugar Refining Company had to buy some sugars for New Orleans from Cuba, and paid last week for 55,000 bags a higher price



than that for which they could have bought beets; so that you can not always tell what makes them fluctuate.

Senator TELLER. You say that was last week?

Mr. FARR. Yes, sir.

The CHAIRMAN. What do you understand by the heading of this first column, "New York equivalent?"

Mr. FARR. That is the equivalent of the value of the beet sugars as compared with centrifugals of 96 test.

The CHAIRMAN. No; just look at it a moment. There are the words "New York equivalent" over the first column.

Mr. FARR. Yes; that is figured into the parity of 96. In other words, on January 1, 1901, beet sugars as compared with 96 test centrifugals are 17 cents a hundred less for practical purposes. You will see from Mr. Lueder's figures how he makes that point. I will give you a memorandum of it. You see, he figures it into the parity of 96 centrifugals

The CHAIRMAN. Take the first item there, January 1. The New York equivalent is \$4.20, and the centrifugal, which is the Cuban equivalent, is \$4.375. Now, does that \$4.20 mean duty paid in New York?

Mr. FARR. It means duty paid, with allowances for the countervailing duty and for the difference in value.

The CHAIRMAN. Do you mean that it includes all the duty paid—that is, the regular duty and the countervailing duty?

Mr. FARR. The regular duty and the countervailing duty; and it allows for the difference in value between the two grades of sugar, 25 cents a hundred pounds, which is very full.

The CHAIRMAN. What is your understanding of the market, as shown by these figures of Willett & Gray that I have put in? Is it your understanding that the refiner gets the benefit of the countervailing duty, or that the Cuban sugar gets the benefit of it?

Mr. FARR. Without reference to those figures, I know from my own experience that the Cuban sugar gets the benefit practically of all the countervailing duty, on an average. I can give you a practical instance of that in my own business. The Canadian market gives the British West Indies a third off their duty.

The CHAIRMAN. They give 33½ per cent to the West Indies?

Mr. FARR. Yes; but notwithstanding that reduction, we do not ship any British West Indian sugar to Canada, because the countervailing duty amounts to more than that. We have figured that the Canadian market would have a preference of about 20 cents, and the countervailing duty about 27. The result is that if they did not get over 20 cents on the countervailing duty they would not ship any here, but it would go to Canada. I have not sold any to Canada for two years, however.

Senator TELLER. That might be very true there, and yet not be true of New York.

Mr. FARR. Why, certainly. We do not bring sugars to New York to sell. We sell them before they are shipped.

Senator TELLER. You are speaking now of your own business?

Mr. FARR. Yes; and nobody who does a large business in sugar brings sugars to New York to sell. He would soon go out of the business if he did.

The CHAIRMAN. Whose letter is the one of May 17 that you show here?

Mr. FARR. It is a letter from Mr. A. Lueder.

The CHAIRMAN. Who is he?

Mr. FARR. He is a large importer of sugar, and does a large business in beet sugars.

The CHAIRMAN. Is this with reference to present prices?

Mr. FARR. That is the figuring on that contract of 4,000 tons, particularly; but it also shows how it is calculated. It can be made available for any other calculation.

The CHAIRMAN. Does this coincide with your understanding?

Mr. FARR. Yes; it coincides with mine; but I knew he was an authority, so I preferred to bring his statement.

If Cuba did not get the benefit of a countervailing duty she could naturally find a market in Canada, where the freights are no higher. Yet Cuba sugars never go to the ports of Canada. She buys beets entirely. If Mr. Leavitt's statement were true, Canada would buy Cuban sugars. She would rather have them at the same price.

The CHAIRMAN. Here are two letters, copies, that are not signed. By whom were they written?

Mr. FARR. They were duplicates of the contracts made at the time. I do not sign those that I keep on file, but I will sign them now.

The CHAIRMAN. They are your own?

Mr. FARR. They are my own; they are all mine.

The CHAIRMAN. Who is John F. Craig?

Mr. FARR. He is a broker in Philadelphia through whom I sell sugars.

The CHAIRMAN. When it is said that Cuban sugar sells on a parity with the Hamburg price, what is meant?

Mr. FARR. It means that if Hamburg sugar goes up a shilling Cuban sugar goes up a quarter of a cent.

The CHAIRMAN. What do you mean by "parity?" How do you arrive at the parity?

Mr. FARR. The parity of Hamburg in that specific instance was \$3.78; and cane sugars were sold at a shade over that, but at practically the same price.

The CHAIRMAN. What is counted in to make the Hamburg price?

Mr. FARR. The rate of exchange, loss in weight, rate of insurance, freight, duty (both countervailing and specific) and the difference in value of beet sugars as compared with 96 test centrifugals.

The CHAIRMAN. Those are the elements that are taken into consideration to determine what the parity is?

Mr. FARR. Exactly; yes, sir.

The CHAIRMAN. If, then, the price of Cuban sugar is on a parity with the Hamburg price, it means that Cuban sugar sells for as much in New York, duty paid, as Hamburg sugar sells for, duty paid (both specific and countervailing), with these other elements of freight, insurance, etc., taken into consideration in both cases. Is that it?

Mr. FARR. Yes, sir. That is exactly right.

The CHAIRMAN. Do you sell any Cuban sugars?

Mr. FARR. No, sir. I am interested in some Cuban properties, but I do not sell the sugars. I am familiar with the business of selling Cuban sugar. I have sold it.

The CHAIRMAN. Your principal business is the selling of Demarara sugars?

Mr. FARR. And other West India sugars.

The CHAIRMAN. And other West India sugars than Cuban sugars?

Mr. FARR. Yes, sir. If I thought the Cuban would not get the benefit, I would not advocate any reduction; I can tell you that.

The CHAIRMAN. Well, no matter whether you advocate a reduction or not.

Mr. FARR. I mean I would strongly oppose it.

The CHAIRMAN. John F. Craig & Co. are the brokers through whom you did the business?

Mr. FARR. On part of it; yes, sir—the part of it that went to Philadelphia.

Senator TELLER. You are talking now about the 4,000 tons.

Mr. FARR. I am talking about the sugars I sold the same day that they bought the beets Mr. Leavitt is talking about.

The CHAIRMAN. This is a copy that you obtained from Howell & Son?

Mr. FARR. From B. H. Howell, Son & Co.; yes, sir. They were the only importers during the week Mr. Leavitt refers to, so that they were the people who got those 4,000 tons.

Senator TELLER. They got the 4,000 tons?

Mr. FARR. Yes, sir; the 4,000 tons that he said were a quarter of a cent higher than the cane sugars.

The CHAIRMAN. These letters from Lueder——

Mr. FARR (interrupting). Those are copies of the original contracts, except the calculation explaining the matter.

The CHAIRMAN. They seem to be dated the 6th of December and the 9th of December.

Mr. FARR. Yes, sir.

The CHAIRMAN. Mr. Leavitt is talking about 4,000 tons of sugar which arrived in New York on the 21st.

Mr. FARR. That is the sugar to which he refers; it arrived on the 21st. It is bought before shipment. All beet sugars are bought in that way. They never are sold in New York. They never come there and sell them; so they are wiser than the West Indians.

The various papers heretofore referred to by Mr. Farr are as follows:

NEW YORK, *December 6, 1901.*

MESSRS. B. H. HOWELL, SON & Co.,  
109 Wall street, city.

DEAR SIR: Through telegrams exchanged with us Messrs. Arnthal, Herschitz & Co., London, have sold you about 1,850 tons of beet-root sugar, "Austrian," first product, and 450 tons of beet-root sugar, "German," first product, new and or old crop at seller's option, at 7s. 5½d. sterling per hundredweight (50½ kilos), cost and freight per steamer to New York for 88 per cent analysis, range 86/98 per cent on usual foreign certificates, regulation at 1½d. per cent, fractions in proportion, and on New York refiners' terms; color Nos. 10/16 D. S., shipment from Hamburg and/or Bremen within thirty days. Sugar to be landed at refinery's wharf free of expense to buyers.

Reimbursement for your account and risk on approved London bankers, as usual, at three months' date from date of bill of lading against documents, credit to be cabled.

Marine insurance, including lighter risks, covered by you.

Yours truly,

PRESSPRICH & SON,  
*As Agents for Arnthal, Herschitz & Co.*

NEW YORK, *December 9, 1901.*

Messrs. B. H. HOWELL, SON & Co., *City.*

GENTLEMEN: I have this day sold to you for account of Messrs. Tolme & Runge, London, about 3,000 tons beet-sugar firsts (German), to be shipped to New York by steamer or steamers within one month from North Sea and/or Baltic ports, at 7s. 6d. cost and freight per 50½ kilos, net invoice weights, basis 88 per cent net invoice analysis, 1½d. up and down, range 86 to 96 per cent, color No. 10.16 D. S.

Under refiners' terms.

Sugar to be delivered at one of our refineries.

Reimbursement by ninety days' sight drafts on London bankers, as usual, against delivery of shipping documents.

Very truly, yours,

A. LUEDER.

JOHN F. CRAIG & Co.,  
*Philadelphia, December 3, 1901.*

The W. J. McCahan SUGAR REFINING COMPANY,  
*Philadelphia, Pa.*

DEAR SIR: We have to-day sold you, by order and for account of John Farr, esq., New York, 1,500 to 1,700 tons of Demerara centrifugal sugar, or what steamer will carry over the bar at Demerara, shipment by steamship *Caribbee*, expected to sail on or about December 13, 1901, at 2½ cents per pound net invoice weights, cost, and freight, basis 96 degrees average test, adding one thirty-second cent or deducting one-sixteenth cent per pound per degree, and fractions in proportion, for variation in test.

Test to be ascertained as customary.

Payment, basis six days' drafts from delivery of documents.

JNO. F. CRAIG & Co.,  
*Brokers.*

DECEMBER 5, 1901.

Messrs. B. H. HOWELL, SON & Co., *City.*

DEAR SIR: I have this day sold you, for account of Messrs. Thom & Cameron, Limited, De Jonge & Smith, agents, Demerara, about 3,200 tons, or what steamer will carry over the bar at Demerara, centrifugal sugar, for shipment within thirty days, per steamship *Roddam*, to New York, at 2½ cents per pound, cost and freight, net invoice weights, basis 96 test, usual allowances up and down; test as customary. Steamer to go to refiner's wharf.

Basis, six days' sight drafts; documents attached; buyers to effect marine insurance.

Yours, faithfully,

JOHN FARR.

DECEMBER 9, 1901.

Messrs. B. H. HOWELL, SON & Co., *City*.

DEAR SIR: I have this day sold you, for account of Messrs. Thom & Cameron, Limited, De Jonge & Smith, agents, Demerara, about 1,700 tons, or what steamer will carry over the bar at Demerara, centrifugal sugar, for shipment within thirty days, per steamship *Fontabelle*, to New York, at  $2\frac{3}{4}$  cents per pound, cost and freight, net invoice weights, basis 96 test usual allowances up and down; test as customary. Steamer to go to refiner's wharf.

Basis, six days' sight drafts; documents attached; buyers to effect marine insurance.

Yours, faithfully,

JOHN FARR.

DECEMBER 9, 1901.

Messrs. B. H. HOWELL, SON & Co., *City*.

DEAR SIR: I have this day sold you, for account of Messrs. Thom & Cameron; Limited, De Jonge & Smith, agents, Demerara, about 500 to 700 tons Demerara centrifugal sugar, for shipment within thirty days, per steamship *Prins Wm. III*, to New York, at  $2\frac{3}{4}$  cents per pound, cost and freight, net invoice weights, basis 96 test, usual allowances up and down; test as customary. Steamer to go to refiner's wharf.

Basis, six days' sight drafts; documents attached; buyers to effect marine insurance.

Yours, faithfully,

JOHN S. FARR.

JOHN F. CRAIG & Co.,  
*Philadelphia, December 11, 1901.*

The W. J. McCahan SUGAR REFINING COMPANY,  
*Philadelphia, Pa.*

DEAR SIR: We have to-day sold you by order and for account of John Farr, esq., New York, about 1,700 tons, or whatever quantity vessel will carry over the bar at shipping port, of Demerara centrifugal sugar, shipment by steamship *Korona*, expected to sail about December 30, 1901, at  $2\frac{3}{4}$  cents per pound net invoice weights, cost and freight, basis 96 degrees average test, adding one thirty-second cent or deducting one-sixteenth cent per pound per degree and fractions in proportion for variations in test.

Payment basis six days' drafts from delivery of documents.

Test to be ascertained as customary.

Buyers to assume actual additional cost on account of vessel coming to Philadelphia. but not to exceed 2 cents per 100 pounds, marine insurance to be effected by buyer.

JOHN F. CRAIG & Co., *Brokers*.

NEW YORK, *May 17, 1902.*

MY DEAR MR. FARR: In conformity with the request given over the phone to my son, I herewith give you calculation of beet bought at 7s. 6d. cost and freight, to wit, 7s. 6d. per hundredweight, 112 pounds, at \$4.88.

	Cents.
112 pounds to yield 111 pounds is equal to.....	1. 65
Insurance.....	0. 01
Duty on 94° polarization.....	1. 615
Countervailing duty .....	0. 259
	<hr/>
	3. 534
Add for difference in value.....	. 25
	<hr/>
Parity of 96 centrifugals.....	3. 784

The rate of exchange having been figured at \$4.88, there is no banking commission taken into account, because the gain in interest makes up for it.

Very truly, yours,

A. LUEDER.

JOHN FARR, Esq.,  
*Hotel Raleigh, Washington, D. C.*

Senator TELLER. You say, Mr. Farr, that Demerara sugar sold for \$3.8037?

Mr. FARR. On that day; yes, sir.

Senator TELLER. What day do you mean?

Mr. FARR. The 9th of December.

Senator TELLER. The 9th of December, 1901?

Mr. FARR. Yes, sir.

Senator TELLER. And beet sugar sold for what?

Mr. FARR. \$3.784, I guess.

Senator TELLER. What did Cuban sugar sell for the same day?

Mr. FARR. \$3.80375.

Senator TELLER. Were you attempting to give the price on the 21st of January following, or not?

Mr. FARR. I was showing that the 4,000 tons of beet sugar, which he refers to as having fetched a quarter of a cent more than the cane sugars, cost the same price, or, rather, less than we sold Cuban sugars or cane sugars on that day.

Senator TELLER. On the 21st?

Mr. FARR. On the 9th of December, when the 4,000 tons were bought.

Senator TELLER. You are talking about the price on the 9th of December and Mr. Leavitt is talking about the price on the 21st of January.

Mr. FARR. And he refers to a cargo of beet sugar as an illustration of it.

Senator TELLER. It did not get in until two months after the time you were fixing your figures?

Mr. FARR. No, sir.

Senator TELLER. You have been a pretty active advocate of this legislation, have you not, Mr. Farr?

Mr. FARR. No, sir; no, sir.

Senator TELLER. You have been advocating it. You just stated that a few moments ago.



Mr. FARR. Well, I advocate it because I have been to Cuba, and think the condition there is a very distressing one; but I have not taken any active part in it.

Senator TELLER. Do you make any sugar in Cuba yourself?

Mr. FARR. I am interested in some properties down there.

Senator TELLER. In what properties are you interested?

Mr. FARR. I am a director in the Chaparra Company and the Cuban-American Sugar Company.

Senator TELLER. What is the Cuban-American Company? Who is interested in it?

Mr. FARR. Mr. Hawley is its president.

The CHAIRMAN. Are there two different concerns?

Mr. FARR. Yes, sir.

Senator TELLER. Mr. Hawley has two concerns?

Mr. FARR. Yes, sir; I mean he is the president of two concerns. I am also interested in a small factory at Mercedita.

Senator TELLER. That is a third one?

Mr. FARR. Yes, sir.

Senator TELLER. Who owns that?

Mr. FARR. Mr. Longa, a Cuban, is the principal owner.

Senator TELLER. Is it a corporation?

Mr. FARR. Yes, sir.

Senator TELLER. Where is it organized?

Mr. FARR. In New Jersey.

Senator TELLER. Where are Mr. Hawley's companies organized?

Mr. FARR. In New Jersey.

Senator TELLER. Both of them?

Mr. FARR. Yes, sir.

Senator TELLER. Is Mr. Havemeyer in both of those companies?

Mr. FARR. I do not know whether he is or not. He said he was in one of them; but I have never looked at the list of stockholders, and I could not tell you who is in them.

Senator TELLER. He said he was in the Chaparra Company, I know.

Mr. FARR. Then he is in it.

Senator TELLER. What is the capacity of Mr. Hawley's company for making sugar?

Mr. FARR. The Cuban-American Company have just finished their crop, amounting to 88,000 bags.

The CHAIRMAN. That is, 12,000 or 13,000 tons?

Mr. FARR. Yes, sir.

Senator TELLER. That is not anything like the capacity of the plant when they get to work, is it?

Mr. FARR. Well, we hoped to make a hundred thousand.

Senator TELLER. One hundred thousand tons?

Mr. FARR. One hundred thousand bags.

Senator TELLER. We will start with the Chaparra plantation. How many acres does that company own?

Mr. FARR. I think about 64,000 or 65,000 acres.

Senator TELLER. How many acres does Mr. Hawley's other company own?

Mr. FARR. We have about 5,000 acres, but we buy most of the cane from the farmers.

Senator TELLER. About 5,000 acres?

Mr. FARR. Yes, sir.

Senator TELLER. Is that in cane?

Mr. FARR. The bulk of it; yes, sir.

Senator TELLER. Do you propose to put it all in cane?

Mr. FARR. All that is suitable.

Senator TELLER. How is the 60,000 acres? Is it all sugar land?

Mr. FARR. I presume the usual percentage is sugar land. Of course it is more than we ever expect to put into sugar.

Senator TELLER. I did not suppose you intended to put it all in sugar.

Mr. FARR. It is timber, and pasture land, and so on.

Senator TELLER. You need some other lands, do you not?

Mr. FARR. Oh, yes. I do not know whether we will put any of it in sugar at these prices.

Senator TELLER. The chairman suggests that you state what this Hawley property cost an acre. Do you know?

Mr. FARR. Do you mean the Chaparra plantation?

Senator TELLER. Yes.

Mr. FARR. My recollection is that it was between \$1 and \$2 an acre; probably about \$2.

Senator TELLER. What did the other plantation cost?

Mr. FARR. It cost a good deal of money.

Senator TELLER. How much an acre?

Mr. FARR. We bought the factory.

Senator TELLER. What did the land cost you?

Mr. FARR. I can not tell you.

Senator TELLER. Do you know what the whole thing cost—5,000 or 6,000 acres?

Mr. FARR. It cost us about a million.

The CHAIRMAN. That included the ground and factory.

Senator TELLER. The main value was in the factory, then?

Mr. FARR. It is a very fine factory. We did not think it was going to cost that much when we bought it or we would not have bought it.

Senator TELLER. How did it come to cost you so much?

Mr. FARR. Because it took more machinery and more readjustment, and it all had to be done over. We found it did not work, and we had to practically rebuild it.

Senator TELLER. It was not in as good order as you thought it was?

Mr. FARR. No, sir.

The CHAIRMAN. Then it cost you what you paid for it and what you expended upon it?

Mr. FARR. Yes, sir. I think we paid \$375,000 for it.

Senator TELLER. How much sugar did you make in your last one?

Mr. FARR. In this last factory, this year?

Senator TELLER. Yes; the one you were telling about, that cost you a million dollars.

Mr. FARR. Eighty-eight thousand bags.

Senator TELLER. Where is that sugar now?

Mr. FARR. It is all in Cuba.

Senator TELLER. The sugar from both these estates—the Chaparra plantation and the other as well?

Mr. FARR. We have some Chaparra sugar in New York.

Senator TELLER. In bond?

Mr. FARR. Yes, sir.

Senator TELLER. In whose name is it—the name of the company?

Mr. FARR. The name of the company; yes, sir.

Senator TELLER. I have a list here, where it is put down as "Chapana."

Mr. FARR. It should be "Chaparra."

Senator TELLER. It is meant for Chaparra?

Mr. FARR. Yes, sir.

Senator TELLER. This is from the Treasury Department; but I presume the name is misprinted.

Mr. FARR. There is no Chapana plantation.

Senator TELLER. It is down here as 4,124,147 pounds.

Mr. FARR. I think we probably have more than that. I do not know how many bags that would be.

Senator TELLER. There must be some other sugar besides that.

Mr. FARR. What date is that?

Senator TELLER. The 1st day of April of this year.

Mr. FARR. We have had some come in since that. We have more than that in New York now.

Senator TELLER. How much is there in a bag?

Mr. FARR. Three hundred and twenty pounds; there are about 7 bags to a ton. It may vary within 5 or 10 pounds on different estates, but you may take that as an average.

Senator TELLER. That would be 320, if there are 7 to the ton. It is not worth while to spend much time over that now, however. You think that company has more sugar in bond, you say. I do not find the other company down on this list at all.

Mr. FARR. We have not brought up any sugars this year. We have storage facilities in Cardenas for our sugars, and we have kept them there.

Senator TELLER. Where do you store in Cuba?

Mr. FARR. At Cardenas for the Cuban-American Company. In the Chaparra plantation we have no storage facilities, and we have to ship.

Senator TELLER. Are you pretty familiar with the American holdings down there?

Mr. FARR. No, sir; not outside of those in which I am interested.

Senator TELLER. Do you go there often?

Mr. FARR. I have been down there this year, and once before.

Senator TELLER. Have you any other relation with Cuba except as to sugar?

Mr. FARR. No, sir; sugar is my business.

Senator TELLER. Do you know anything about the Van Horne enterprise?

Mr. FARR. No, sir; nothing except what I have seen in the newspapers.

Senator TELLER. You have no personal knowledge about it?

Mr. FARR. No, sir.

Senator TELLER. You are not interested in it?

Mr. FARR. No, sir.

Senator TELLER. You have given the names of all the enterprises in which you are interested?

Mr. FARR. Those three estates, yes, sir—Chaparra, the Cuban-American, and the Mercedita.

Senator TELLER. That is all?

Mr. FARR. That is all; yes, sir.

Senator TELLER. Now, to whom have you sold sugar since the 1st of last January?





Mr. FARR. Do you mean the companies, or myself?

Senator TELLER. You say you sell the sugars to a company?

Mr. FARR. I do not sell these Cuban sugars; I sell West India sugars.

Senator TELLER. Do you not sell any Cuban sugar at all?

Mr. FARR. No, sir; not at all. I have not this year.

Senator TELLER. Have you heretofore?

Mr. FARR. Several years ago I sold some; yes.

Senator TELLER. What is the difference between the sugars you sell and the Cuban sugars?

Mr. FARR. I think the Demarara sugars are rather better than the Cuban sugars. At the same time, they sell at the same price.

Senator TELLER. Is there not a calculation made based on the difference in the sugar?

Mr. FARR. No, sir; it is all sold on the basis of 96 test polarization.

Senator TELLER. All sugar that tests 96 is supposed to be the same value?

Mr. FARR. Yes, sir; subject to such modifications as the polariscope develops the actual test to be. If it is 95, you get a sixteenth of a cent less; if it is 97, you get a thirty-second of a cent more.

Senator TELLER. Suppose they are all 96?

Mr. FARR. Then you get the same price.

Senator TELLER. Is there any other difference?

Mr. FARR. No, sir.

Senator TELLER. They all bring the same?

Mr. FARR. Yes, sir.

Senator TELLER. You have not any personal knowledge about the amount of sugar from Cuba now in bond in New York, have you?

Mr. FARR. No, sir. You can very easily get it.

Senator TELLER. Yes, I know; but you have not it?

Mr. FARR. I should think there was about 20,000 tons, at the outside.

Senator TELLER. There must be more than that.

Mr. FARR. Well, twenty-five or thirty; I do not believe it is over thirty. It is about a week's supply.

Senator TELLER. What do you mean by a week's supply?

Mr. FARR. It would be used up in a week if they took it out. I do not think the stock in New York has ever been much lower than it is to-day.

Senator TELLER. It is lower than it has been in a great many years, is it not?

Mr. FARR. Yes.

Senator TELLER. How much lower; have you any idea?

Mr. FARR. The stock?

Senator TELLER. Yes.

Mr. FARR. The tendency is to keep it as low as possible, because storage has become expensive, and sugar is a very close article.

Senator TELLER. Then you are also figuring upon a reduction in the tariff?

Mr. FARR. In a very indefinite way; yes, sir. It is very indefinite.

Senator TELLER. What do you mean by "a very indefinite way?"

Mr. FARR. It is a possibility, but it has been so long drawn out that we have rather given up thinking about it.



Senator TELLER. About what time of year does the Cuban crop generally get cleaned up and get to the United States?

Mr. FARR. About now.

Senator TELLER. About this time of the year?

Mr. FARR. Yes, sir.

Senator TELLER. Then if there had not been any discussion of reduction, probably the crop would be sold in the United States at this time?

Mr. FARR. About two-thirds of it would be sold, I suppose. They always hold back a good deal for the summer months, when there is the best market. During June and July there is a good deal of sugar sold.

Senator TELLER. Is there not a great deal of loss in holding sugar in hot weather?

Mr. FARR. If you hold it after July it is very apt to deteriorate somewhat in test, in quality; but up to July sugars hold out all right.

Senator TELLER. Do you know anything about how much sugar came last year from Cuba into Canada? You spoke about the prices.

Mr. FARR. No, sir; I could not tell you that.

Senator TELLER. You said the Cuban practically got the counter vailing duty.

Mr. FARR. He did.

Senator TELLER. What do you mean by the expression "practically?"

Mr. FARR. Well, you see, it is important to the Cuban, or the West India man, or the cane man not to let the beet man take his market away from him. If he asked a higher price than the beet-sugar man the refiners would naturally buy a large supply of beets, and then he would not know what to do with his cane sugars.

Senator TELLER. Where would the refiner buy the beets?

Mr. FARR. He would buy them in Hamburg. There are a dozen agents of the beet houses in New York who are trying to sell beet sugars all the time.

Senator TELLER. Do these beet sugars go through the refinery?

Mr. FARR. Oh, yes.

Senator TELLER. Do they enter into American consumption at all?

Mr. FARR. Yes, sir; they enter to the extent that they are melted.

Senator TELLER. But without melting?

Mr. FARR. Oh, no; not at all.

Senator TELLER. Are they not fit for use without melting?

Mr. FARR. Not the raw sugar. There is some German granulated sugar imported, too, which does enter into consumption.

Senator TELLER. What amount of sugar imported into the United States from Germany is raw and what amount is refined? What is the proportion?

Mr. FARR. I could not say; it varies from year to year. I could not name any figure on it. Our understanding is that there have recently been some purchases of German granulated sugar for this country, the first for a long-time—five or ten thousand tons.

Senator TELLER. Does that sugar go directly into consumption?

Mr. FARR. Yes, sir; it is sold straight to the grocer. That is entirely different business from that of dealing with raw sugar. It is not sold through the same houses; we do not know anything about it, and do not follow it up.

Senator TELLER. Do you know what duty it is paying now?





Mr. FARR. I can give it to you.

Senator TELLER. Were you before the House committee, Mr. Farr?

Mr. FARR. No, sir.

Senator TELLER. Have you noticed a statement made by Dr. Wiley, of the Agricultural Department, about the countervailing duties? Have you noticed that he states that we are not collecting the countervailing duties as we should?

Mr. FARR. I do not know. I read Mr. Wiley's testimony. It is very interesting from a theoretical point of view.

Senator TELLER. He works out what he claims is our failure to get what we ought to of the countervailing duties; and I think he makes it about double what we are collecting, or a little more than that.

Mr. FARR. I know from my own experience that we do get it; and if he can figure it out otherwise he must be off on his figures.

Senator TELLER. What I mean is that he says that instead of collecting 27 cents a hundred we ought to collect some 60 cents. Have you looked that over?

Mr. FARR. Oh, yes. He thinks we ought to include the "cartel" business?

Senator TELLER. Yes; certainly.

Mr. FARR. I would be glad if we did, but I do not see how we can do it.

Senator TELLER. He seems to figure out that that is a bounty.

Mr. FARR. It is simply a private deal between a lot of corporations. I do not think it has anything to do with the bounty.

Senator TELLER. Do you know what the retail price of sugar is in Germany?

Mr. FARR. I think it is 7 or 8 cents a pound. That is my recollection.

Senator TELLER. What is the duty on sugar that goes to Canada? What is the Canadian duty?

Mr. FARR. I can not recollect. I think it is about half a cent a pound. I can send you that information, though; I can get it.

Senator TELLER. I wish you would send it. What obstacle does the American shipper of sugar—or any shipper of sugar, for that matter—meet in shipping it to Canada, other than the duty?

Mr. FARR. He does not meet any obstacle.

Senator TELLER. Does Canada pay any bounty?

Mr. FARR. No, sir.

Senator TELLER. Is there any internal tax?

Mr. FARR. No, sir; she has had entirely free trade until recently. Within the last few years she has put on a duty—a straight duty on all sugars.

Senator TELLER. Have you looked into the consumption of Canada? Do you know what it is?

Mr. FARR. I could not tell you that offhand, but I will send you those figures, too. It is quite a good consumption per capita, however.

Senator TELLER. I wish you would send me that information.

Mr. FARR. There are three refineries there that do a good business, two in Montreal and one in Halifax, with which I am familiar.

Senator TELLER. Where do they get their sugars?

Mr. FARR. From beets.

Senator TELLER. From Germany?

Mr. FARR. Yes, sir.

Senator TELLER. Do you sell any German sugar?

Mr. FARR. No, sir.

Senator TELLER. I am not going over this question of price with Mr. Farr. I shall bring some other witnesses on the stand to testify on that subject. I will leave it just as the others have left it. I think some of the other gentlemen know a good deal more about it than I do.

The CHAIRMAN. As I understand you, you think that if Mr. Leavitt is going to make a comparison of price between Hamburg sugar and Cuban or Demarara sugar, he should take the price on the day when each is bought?

Mr. FARR. Exactly; that is the only way he can take it.

Senator TELLER. If a man buys 4,000 tons of sugar the day the ship gets in with 4,000 tons aboard, may not that have some influence on the market?

Mr. FARR. No, sir.

Senator TELLER. Why not?

Mr. FARR. Because the requirements of the refineries are such that they figure ahead, practically, to have sufficient sugars arrive to keep them running.

Senator TELLER. Yes.

Mr. FARR. And we all know they are coming. We are not afraid of them at all.

Senator TELLER. And they do not want to buy any outside that day; do they?

Mr. FARR. Very likely; yes. They might not come in. They might happen to have suddenly a big demand for refined sugar and want to double their meltings.

Senator TELLER. You do not think it makes any difference?

Mr. FARR. Not a bit.

Senator TELLER. Well, I can not say that it does.

You say in one of these papers, "Add for the difference in value, 25."

Mr. FARR. Yes.

Senator TELLER. What is that—25 what?

Mr. FARR. Twenty-five cents a hundred pounds.

Senator TELLER. Is that the difference between beet and cane sugar?

Mr. FARR. It is the difference between the relative value to a refiner of 94 test beet and 96 test cane sugar.

Senator TELLER. Why do you say "94 beet sugar?"

Mr. FARR. Because that is what it is. It is 88 analysis, and it polarizes about 94.

Senator TELLER. Suppose it went to 96. Could it go to 96?

Mr. FARR. It does not go to 96. They could make it 96; yes.

Senator TELLER. You can make beet sugar up to 99, can you not?

Mr. FARR. Yes; you could make it 100 if you wished to do so.

Senator TELLER. You can make it just as good as cane sugar, can you not?

Mr. FARR. You can make it any way you want; yes. It is not made that way, as a matter of fact.

Senator TELLER. No; that is, as a rule. So that to know what the difference is you have to know what the character of the beet sugar is on that particular day, do you not?

Mr. FARR. Yes, sir.

The CHAIRMAN. You have an analysis called 88?

Mr. FARR. An 88 analysis; yes.

The CHAIRMAN. And that is 94 test?







Mr. FARR. That is it. That is the rate of duty it pays in this country.

The CHAIRMAN. Those are the different trade terms?

Mr. FARR. An 88 analysis of beets is worth a quarter of a cent less to a refiner than 96 test centrifugals, but we add it to the calculation. I do not figure the difference as high as that.

Senator TELLER. I would like to ask Mr. Farr, because he has given some attention to it, the capacity of Cuba for sugar, in his opinion. How much sugar can Cuba produce, and what is she likely to produce?

Mr. FARR. At present prices I do not think she is likely to produce as much as she is doing now.

Senator TELLER. What is the effect of these prices on the sugar you buy?

Mr. FARR. It has a very depressing effect mentally.

Senator TELLER. No; I do not mean that?

The CHAIRMAN. You mean on the production?

Senator TELLER. Yes; on the production. That is what I mean.

Mr. FARR. Well, for our product, with the exception of Mercedita—

Senator TELLER. I am not talking about that. I am talking about the sugar you buy?

The CHAIRMAN. He refers to Demarara sugar. What is the effect on the price of Demarara sugar?

Senator TELLER. What I want to know is whether it is going to reduce the product of Demarara sugar or not?

Mr. FARR. My advice from the island of Barbados is that the whole island is going to break up.

Senator TELLER. Jamaica has already broken up, has she not?

Mr. FARR. Forty-seven estates "busted" last week.

Senator TELLER. Jamaica broke some time ago, did she not?

Mr. FARR. No, sir; she did not break up, but the London firm which advanced money on forty-seven of the sugar plantations failed, and I saw cables—

Senator TELLER. How is it in Santo Domingo?

Mr. FARR. Santo Domingo is in the throes of possible bankruptcy, I should say.

The CHAIRMAN. How about Demarara?

Mr. FARR. In Demarara the estates are owned by rich houses. They can possibly last a year or two, by putting all they have in them.

Senator TELLER. Where is Demarara?

Mr. FARR. Demarara is in British Guiana.

Senator TELLER. Barbados is British?

Mr. FARR. Yes.

Senator TELLER. Santo Domingo is British?

Mr. FARR. No, sir.

Senator TELLER. I suppose that is the only reason why we will not be called upon to help them out.

Mr. FARR. Well, we have a bill before you which I hope you will consider on the subject of reciprocity with those islands. Senator Cullom says he approves of it. We are praying for your favorable consideration of it.

Senator TELLER. You do not want to get any reduction of the duty on sugar from those islands, do you?

Mr. FARR. We want to help them to live. We have the largest

trade with them. We ship \$5,000,000 worth of products to them every year.

Senator TELLER. How much trade do you suppose you have with the Western States producing beet sugar?

Mr. FARR. Which Western States?

Senator TELLER. Say Michigan, Minnesota, Colorado, Nevada, and Kansas.

Mr. FARR. That is something I know nothing about. I can tell you about the West Indies, but I know nothing about Michigan.

Senator TELLER. Do you think there is any comparison?

Mr. FARR. I should think it was extremely useful for the Western people to send their lumber to the West Indies.

Senator TELLER. You do not mean lumber, do you?

Mr. FARR. Well, corn or flour or beef or pork or lard or hams, or anything you like.

Senator TELLER. They have not lumber enough up there for the United States. We do not want to send any of our lumber down there.

Mr. FARR. They do ship it, at any rate.

The committee thereupon adjourned until Wednesday, May 21, 1902, at 10 o'clock a. m.

---

SUBCOMMITTEE OF THE COMMITTEE ON  
RELATIONS WITH CUBA, UNITED STATES SENATE,  
*Washington, D. C., May 22, 1902.*

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

Senator TELLER. There was some question about the figures that Mr. Leavitt left here, and I have called Mr. Hitchcock, of the Agricultural Department, to testify in regard to them.

**TESTIMONY OF FRANK H. HITCHCOCK.**

FRANK H. HITCHCOCK, having been first duly sworn by the chairman, testified as follows:

Senator TELLER. Give us your full name, please.

Mr. HITCHCOCK. Frank H. Hitchcock.

Senator TELLER. What is your business, Mr. Hitchcock?

Mr. HITCHCOCK. I am Chief of the Foreign Markets Division of the Department of Agriculture.

Senator TELLER. Please state what these papers are and what you know about them. Explain the method of reaching those conclusions, just as you explained it to me.

Mr. HITCHCOCK. These seem to be copies of certain tables that were prepared originally for Mr. Saylor, special agent of our Department in reference to the sugar-beet industry.

Senator TELLER. Where is Mr. Saylor now?

Mr. HITCHCOCK. He has gone to the West to carry on his investigations. He went some weeks ago.

Senator TELLER. I was going to call Mr. Saylor, but he was gone. I could, of course, have called him back, but I did not think it worth while to do so.





Now go on, Mr. Hitchcock.

Mr. HITCHCOCK. These tables were prepared at different times and for different purposes.

The CHAIRMAN. Are they marked?

Senator TELLER. You had better mark the first one No. 1, and I think you had better mark it with your initials.

Mr. HITCHCOCK. I will put my initials on each one.

The CHAIRMAN. That is No. 1?

Senator TELLER. That is No. 1. Suppose you explain them and mark them as you go along.

Mr. HITCHCOCK. I will; yes, sir. The first table I prepared was a statement of the average import price of sugar received from Cuba, Porto Rico, and Hawaii, and also of beet sugar received from all sources. I arrived at the prices by taking the official returns of importations, the quantity imported from each of these sources and the declared value of the imports; and from those two factors I computed the average price.

Senator TELLER. Where did you get those two factors?

Mr. HITCHCOCK. They are published by the Treasury Department in the annual reports on commerce and navigation. These values represent the wholesale prices at the ports from which the sugar is shipped. They are declared values that are sworn to there at those ports by the exporters. In foreign countries usually the exporter—you want me to explain all this, do you?

Senator TELLER. Certainly.

Mr. HITCHCOCK. The exporter takes his invoice to the United States consul and swears to it there. Usually these invoices are made out in triplicate and one is filed there with the consul in the consular office, and the other two are forwarded to the United States, one to the custom-house at the port to which the merchandise is destined and the other to the consignee. Sometimes there is an additional invoice, when the merchandise is to be shipped to a point in the interior. They then furnish a fourth invoice, which is forwarded from the custom-house at the seaport to the interior. These invoices are all alike and are all sworn to before the United States consul, if there is one there. If there is no United States consul, they are sworn to before the consul of some other country, and should be authentic. The customs administrative law requires that these declared statements shall be made under oath, and that statements in regard to merchandise that is to be entered under a specific instead of an ad valorem duty shall be sworn to in the same way as the merchandise that comes in under an ad valorem duty.

By taking the declared values and quantities I obtained these average prices, and in order to verify as far as possible the prices for Cuba, in which there seemed to be special interest, I afterwards took the official export returns, as recorded at the Cuban ports and forwarded by the collectors of the ports to the War Department, the War Department being in control of the Cuban customs. Those returns are sworn to in a similar way. A declared statement, or manifest, is filed with the collector of customs by the exporter for statistical purposes there. It is practically the same thing as the invoice that he forwards to this country; and the collector of the port transcribes from this official paper the quantities and values as recorded and transmits them



to the War Department to be published in the monthly summary of the commerce of Cuba, from which I secured these figures.

Computing the average import price of sugar from those returns in the same manner as from the Treasury official import returns, I found that for the fiscal years 1900 and 1901 the average prices as shown by these two sets of returns were exactly alike. The average import price for the fiscal year 1900 was 2.6 cents per pound, and the average price for 1901 was 2.4 cents per pound, the two sets of computations giving exactly the same figure. In the case of 1899 I was unable to get full returns as regards the exports from Cuba, for the reason that the War Department did not come into control until the middle of the year.

Senator TELLER. That is, you mean you were unable to get them from the War Department?

Mr. HITCHCOCK. From the War Department; yes.

Senator TELLER. You had them from the Treasury?

Mr. HITCHCOCK. From the Treasury I had full returns, giving an average import price for that year of 2.5 per cent. The returns for the half year—the six months, January to June, the last half of the fiscal year 1899—according to the War Department's records, gave an average price of 2.6 cents per pound, a difference of only one-tenth of a cent.

Senator TELLER. As against the whole year?

Mr. HITCHCOCK. As against the whole year, as reported in the Treasury returns.

Senator TELLER. The idea, of course, was to arrive at accuracy as far as possible in preparing these statistics.

The CHAIRMAN. That is No. 2 you have there.

Mr. HITCHCOCK. I see that accompanying No. 1 is a table showing the quantities and values that were used in computing the import prices for Cuba. I will number that 2, in order that it may accompany No. 1.

Senator TELLER. It really belongs to No. 1.

Mr. HITCHCOCK. Yes. The table showing the average import prices for Cuba, as computed from the export returns published by the War Department, I will number 3.

Before leaving Table No. 1, I ought to say that the other statistics of prices—that is, the statistics showing the import prices for Hawaiian and Porto Rican sugar and for beet sugar—were incorporated here in order to permit any comparisons that Mr. Saylor might desire to make with the Cuban price, and you can see the figures as they appear. The headings show the sources of the imports. They were obtained in exactly the same way as the figures for Cuba.

Senator TELLER. I think it is a good thing to have that table. We may want it. Mr. Hitchcock, you regard that as an accurate statement, as accurate as can be made; that is, as near as you can get at it, do you?

Mr. HITCHCOCK. My feeling is that these figures show the actual wholesale prices at the ports in Cuba, and show them accurately; and I do not know of any other reliable statistics that can be had to dispute them.

Senator TELLER. What do you say about these published daily reports of prices in the sugar papers and other papers?

Mr. HITCHCOCK. Do you mean the market quotations?

Senator TELLER. The market quotations.

Mr. HITCHCOCK. For New York?





Senator TELLER. Yes; say for New York.

Mr. HITCHCOCK. I have no doubt that those market quotations, as published by the leading houses in New York, Willett & Gray, for instance, are accurate.

Senator TELLER. Accurate for the day?

Mr. HITCHCOCK. Accurate for that day.

Senator TELLER. Explain why you can not make an average from those as you do on these others.

Mr. HITCHCOCK. There is a table here that I will mark No. 4 that has a bearing on table No. 1. In fact, I prepared it supposing that Mr. Saylor would want to make some comparisons of these import prices for Cuba, Porto Rico, and Hawaii. The sugar from Porto Rico, on the average, is of a lower grade than that from Cuba, and I suppose that nearly one-half of the sugar imported from Porto Rico consists of muscovados, whereas a very large proportion of the sugar imported from Cuba is high-test sugar, centrifugal, 96 degrees. That being the case, it would not have been accurate to compare these prices without taking into consideration the fact that the sugars received from the two sources actually differ in value; and accordingly I went to the files of Willett & Gray's sugar circular, and compiled from that publication the annual average market price in New York City of the muscovados and centrifugals—that is, of 89 degrees and 96 degrees sugar—in order to show in a general way the difference in price, that factor to be taken into consideration in comparing these imports from Cuba and Porto Rico. Those prices as compiled from Willett & Gray comprise Table No. 4. The imports from Hawaii and from Cuba are practically comparable, the sugars from both sources being of about the same grade. The Hawaii sugars test as high as 96 or 97, fully as high as the Cuban sugars, and it is fair to make a comparison of the prices of Hawaiian imports and Cuban imports without taking that other factor into consideration.

Senator TELLER. What is the difference between Porto Rico and Cuba? Is it a difference in making?

Mr. HITCHCOCK. It is a difference in the methods of manufacture there.

Senator TELLER. That is, they could make just as good sugar?

Mr. HITCHCOCK. Yes, sir; I know they could make just as good sugar. Of course the plantations are much smaller, as a rule, than those in Cuba. The industry, as I understand it, is further developed in Cuba than in Porto Rico.

Now, I find only one additional table here, and I will number that 5. This table was prepared later at Mr. Saylor's request, and he never fully explained his purpose in having the figures computed in this way. But the general idea of the table is to arrive at an average market price for New York on the basis of the actual movement; that is, taking the actual receipts of sugar from week to week and applying to those receipts the market quotations, thus obtaining the total value of the sugar received, in order that, by consolidating all of these weekly values, you can get a total value for the year, which, if divided by the total receipts, will give you a properly weighted average price. Some statisticians have been in the habit of taking these weekly quotations as published in New York, adding them together, and then simply dividing by the number of the quotations; but as the movement varies greatly from week to week, it can be readily seen—

Senator TELLER. You do not know the amount of sugar coming in?

Mr. HITCHCOCK. The amount of sugar to which each quotation is applied varies from week to week. It can be readily seen that when you take the total movement—that is, the total receipts—a method of that nature would hardly give an accurate result. Mr. Saylor no doubt wanted to test some of the published prices that had been computed in that way.

Senator TELLER. You made that up?

Mr. HITCHCOCK. I simply took the published receipts on the authority of Willett & Gray and applied to those receipts the prices that they quoted for each week throughout the entire calendar year 1901.

Senator TELLER. Have you the result there?

Mr. HITCHCOCK. The average price that this computation gave was 4.07 cents.

Senator TELLER. That is, at New York?

Mr. HITCHCOCK. At New York.

The CHAIRMAN. Is that duty paid?

Mr. HITCHCOCK. That price, of course, would include all charges, duty and transportation, and everything of the kind. It is the price in New York. That is, of course, the price for all sugars imported. It is impossible to make any distinction.

Senator TELLER. That included cane and beet?

Mr. HITCHCOCK. Yes, sir; sugar of all kinds; the total receipts. I simply drafted this table at Mr. Saylor's suggestion. I made no use of it whatever, but simply turned it over to him. I recognize it as the table that was prepared for him several weeks after the time these first tables were delivered to him.

Senator TELLER. Your purpose was to arrive at as perfect accuracy as possible, I suppose, was it not?

Mr. HITCHCOCK. Yes, sir; it was to help Mr. Saylor as far as I could along the lines he suggested.

Senator TELLER. What is Mr. Saylor's relation to the Department?

Mr. HITCHCOCK. Mr. Saylor is a special agent of the Department, in charge of investigations regarding the beet-sugar industry.

Senator TELLER. I do not know whether Mr. Saylor used any of these tables in the hearing before the House committee or not.

Mr. HITCHCOCK. I am quite sure Mr. Saylor used some of these tables in his testimony before the House committee. My impression is that as these tables were originally prepared in my office they bore some additional footnotes. I think also that the sources from which the statistics were derived in each case were stated in a footnote at the foot of the table. These are simply copies of the main portions of the tables.

Senator TELLER. He would not know any more about it than you do, or perhaps not as much?

Mr. HITCHCOCK. I wanted to make it clear about these import prices that they represent the wholesale prices at the ports from which the sugar is shipped. They do not include any charges incident to transportation, and, of course, do not include the duty that has to be paid when the sugar is brought into the United States.

Senator TELLER. Just the net price there?

Mr. HITCHCOCK. The net wholesale price there; yes, sir.







**Senator TELLER.** Is there anything further you want to explain about them?

**Mr. HITCHCOCK.** There is another thing that I would like to say in general about these import statistics, and it is this: The movement of sugar from these various sources, from Hawaii, Porto Rico, Cuba, and from Germany, where most of the beet sugar is procured, occurs at different seasons of the year; that is, there is not a general movement of all sugars coming in.

**Senator TELLER.** There is more at one time than at another?

**Mr. HITCHCOCK.** The Cuban and the Porto Rican sugars come in in larger quantities early in the summer, whereas the beet sugar comes in in larger quantities in the autumn; and that is a very important fact to be remembered in making comparisons of prices, because, you see, as the market price varies in New York, it will affect the imports that are coming in in large quantities, of course, much more extensively than it will affect the imports that are coming in in small quantities. Suppose, for instance, there is a high price at the time beet sugar is coming in; that is rather unfortunate, because it makes it difficult to weight these prices properly. As a matter of fact, I understand that the beet sugar does generally come in at a time when the prices are rather high—not always, but generally. While the beet sugar in itself is not worth more than the cane—in fact, as regards the cane, the refiners claim, I think, that they can refine cane at 19 cents a hundred less than beet—still, owing to the fact I mentioned, the value of the beet sugar is apparently sometimes a little exaggerated on the face of the statistics. I do not think that is always taken into consideration in making these comparisons. Do you get the point? I am afraid I have not made it very clear.

**Senator TELLER.** I understand it. The cane sugar brings a little more, everything being equal, than the beet sugar?

**Mr. HITCHCOCK.** Yes, generally speaking.

**The CHAIRMAN.** Let me have Table No. 1. Take the year 1901. You would have had no trouble in obtaining the daily quotations for that year in Hamburg, Habana, Porto Rican points, and Hawaii, would you, as published in New York? You would have had no difficulty in getting those quotations, would you?

**Mr. HITCHCOCK.** I would have had no difficulty in getting the Hamburg quotations. They are published in New York, but I am not aware that there are any quotations published in New York for Cuba or for Porto Rico. Of course the situation as regards Hawaii is different.

**The CHAIRMAN.** We will leave Hawaii out, and we will confine it to Hamburg and Cuba. There is no difficulty about getting daily quotations of the price of Hamburg sugar and the price of Cuban sugar for the year, is there?

**Mr. HITCHCOCK.** I am not aware that a quotation is published in New York for sugar in Cuba at the Cuban ports. Of course there are quotations that can be indirectly referred to the Cuban sugar, the cane sugar that comes in; but as I understand it, there is no exchange in Habana publishing daily quotations. That is also the case as regards Porto Rico.

**The CHAIRMAN.** I am talking about Cuba. I will confine it to Cuba.

**Mr. HITCHCOCK.** I may be in error about that.

The CHAIRMAN. Then I will put this question: If you could have obtained the daily quotations for the year of the price of Hamburg sugar, and the daily quotations for the year of the price of Cuban sugar, would not that have been the best method by which to obtain the average price for the year?

Mr. HITCHCOCK. I am in doubt about that. This very difficulty that I mentioned—that is, the different seasons at which the sugars from those different places come in—would have had, I should think, even a greater effect if simply the market quotations were taken without reference to the quantity. Now, the import prices, of course, are based on the actual quantity and total values, and to that extent, they are properly weighted prices, but I am quite sure that no such prices as you mention can be obtained.

Mr. Saylor was in Cuba some time and he was unable to get any quotations of that kind—any general quotations—and he gave me the impression, in addition to my own knowledge on the subject, that no such quotations were made. It is true there are market quotations in New York for cane sugar.

The CHAIRMAN. There are market quotations every day in New York for sugar free on board in Cuba, are there not?

Senator TELLER. Let the witness look at Willetts & Gray's figures.

The CHAIRMAN. I am asking for the knowledge of the witness?

Mr. HITCHCOCK. I think it may be true that sugar is quoted in that way, but those quotations are computed from the New York price, and are accordingly simply New York prices. Willett & Gray frequently make a quotation of that kind. I do not think they make them daily. However, there may now be daily prices. But, as I understand it, Willett & Gray at intervals have published such a price, and they arrive at it by taking the New York quotations of that day and deducting from that the duty and freight charges. But I had reference not to that kind of a price. I consider that a New York price; that is, it is made in New York. I mean a price that is quoted in Habana by the sugar merchants or brokers there in Habana on the actual situation there on the day of the quotation. It is, of course, easy enough to arrive at a price for any port so long as you have the freight rate from that port to New York. All you have to do is to take that freight rate and the duty and deduct them from the New York price.

The CHAIRMAN. Take the year 1901. You make the average price of beet sugar for the year 2.2 cents a pound. You make the average price from Cuba for the year 2.4 cents a pound. You make the average price from Hawaii 3.9 cents a pound, and from Porto Rico 3.4 cents a pound. How do you account for the difference in price between Hawaiian sugars and Cuban sugars, the Hawaiian sugar being  $1\frac{1}{2}$  cents more than the Cuban sugar?

Senator TELLER. I do not suppose Mr. Hitchcock is able to determine what is the cause of it. His business was to find out the fact.

The CHAIRMAN. There may be some explanation of it that he knows.

Mr. HITCHCOCK. The Hawaiian sugar comes in free of duty, and the Cuban sugar has to pay a duty of \$1.685. Theoretically the price of the Hawaiian sugar, admitting that the two sugars are equal in value, would be increased at the point of shipment to the extent of that duty, and approximately that would account for the difference in those prices.





The CHAIRMAN. The Cuba sugar is 2.4, average?

Mr. HITCHCOCK. 2.4 and the Hawaiian 3.9.

The CHAIRMAN. Did the average of the Hawaiian sugars show that those sugars derived the benefit of being entirely free or not? If you add to the 2.4 the duty of 1.685, it would be a little more than 3.9, would it not?

Mr. HITCHCOCK. Yes; it would be a little more.

The CHAIRMAN. So that, recurring to that average, the Hawaiian sugar did not sell quite as high as the Cuban sugar; that is, considering the duty? Is that it?

Mr. HITCHCOCK. The difference is very small considering the duty.

The CHAIRMAN. Yes; it is slight. Probably freight comes in there.

Mr. HITCHCOCK. No; freight of course is not included in these prices; but the other factor—that is, the variation in the price at the time of shipment—would readily account for a difference as small as that.

The CHAIRMAN. Your average takes the whole year?

Mr. HITCHCOCK. The average price given here takes the entire fiscal year, the returns being recorded in that way.

The CHAIRMAN. From the 1st of July, 1900, to the 30th of June, 1901?

Mr. HITCHCOCK. Yes, sir.

The CHAIRMAN. You say that cane sugar comes in from Cuba during certain months of the year; mostly May, June, and July, I suppose?

Mr. HITCHCOCK. Yes, sir.

The CHAIRMAN. And the Hamburg sugar comes in during later months, August, September, and October, I suppose?

Mr. TELLER. It does not come in as early as August.

The CHAIRMAN. Well, September, October, and November, the bulk of it?

Senator TELLER. In our country the beet-sugar companies begin to grind in October.

The CHAIRMAN. Do you know in what months the heaviest shipments of beet sugar come?

Mr. HITCHCOCK. The imports of beet sugar, as far as my knowledge goes, have been a little more irregular, as a rule, than the imports of cane sugar; but usually—

Senator TELLER. Explain what you mean by that. Do you mean it is larger sometimes and then smaller again?

Mr. HITCHCOCK. No.

Senator TELLER. You spoke of them being irregular.

Mr. HITCHCOCK. I mean the time of the largest shipments has not been so regular, has not been so fixed.

Senator TELLER. I did not know but that you meant the amount.

Mr. HITCHCOCK. But as a rule I think I am right in saying that the larger shipments come in in the autumn and along toward the winter.

Senator TELLER. Shipments of beet?

Mr. HITCHCOCK. Of beet sugars coming from Germany; though I remember to have seen the records of some very heavy shipments in January and February.

The CHAIRMAN. The movement of cane sugar is confined, generally speaking, to a few months, during which there is not a large importation of beet sugar. Now, suppose that between the time when cane



sugar is thus imported and the time when beet sugar is more generally imported there comes a fluctuation in the price of sugar, that it goes up or down, as the case may be. Do you think then that your averages for the year would be fair results in determining the price of the two sugars?

Mr. HITCHCOCK. If there should be a very decided fluctuation of the kind you mention it might affect these averages quite materially; but the fluctuations that usually occur, that have occurred in the past, so far as I have gone over the records, do not affect and have not affected the average prices here given except to a very small extent.

The CHAIRMAN. There has been a fall in the price of sugar during the past year of nearly 1 cent, has there not?

Senator TELLER. Since when do you mean, Senator?

The CHAIRMAN. I mean in the year ending now. If you do not know about it, I will state that I understand that within the twelve months now ending there has been a fall in the price of sugar equal to about 1 cent a pound. Now, do you know whether that fall of sugar was in progress during the year 1901, all along?

Mr. HITCHCOCK. On January 3, 1901, the New York quotation was 4½ cents per pound. There was something of a decline in the next two months, and then on May 9 the price rose to 4½ cents per pound, which was maintained for three weeks, after which another decline set in, the price falling as low as 3½ cents on September 5, and remaining at that quotation—that is, as far as weekly prices are concerned—up to October 17, and then a slight increase again occurred, holding, apparently, with November 1, after which there was another small decline. It rose and fell throughout the year. On January 2, 1902, the price was 3½ cents per pound.

The CHAIRMAN. In your table the comparison is for the fiscal year 1901?

Mr. HITCHCOCK. Yes, sir.

The CHAIRMAN. Would you not have arrived at a better comparative result of the average prices of beet and cane sugar by taking the periods during which Cuban sugar more generally comes into market, and the periods during which the beet sugar more generally comes into market, and confining your figures to those dates or periods?

Mr. HITCHCOCK. I doubt if that would have been altogether feasible, for the reason that while the imports, as a whole, can be said to come in chiefly during certain periods, there is considerable uncertainty about it. Sometimes there will be a small month right in the period when ordinarily the heavy importations come, and if I remember correctly about the beet-sugar imports in the fiscal year 1901, there was a heavy importation through several of the autumn months, then a falling off; and then in the early spring, or rather in the early part of the calendar year, imports were renewed in large quantities.

Senator TELLER. When this gentleman gets through answering your question, Senator, I want to make a suggestion. It is not of the slightest consequence about the comparison between beet and cane. We are not inquiring about that. We are inquiring about the price of all kinds of sugar in New York. We do not care anything about what the difference is; whether cane comes in at such a time and overstocks the market or whether beet comes in. We want to get the price of sugar in New York to show that these sugar buyers do not always give the advantage of the countervailing duty to the cane





growers of Cuba, but that they take that themselves. That is our proposition.

The CHAIRMAN. I understand that, and what I am trying to get at is whether a fair way to demonstrate that is to take the average price of sugar for a whole year. That is the point of my questions. In other words, if you had taken the average price of sugars for certain periods in the year, might they not have shown different results for the average price for the whole year?

Mr. HITCHCOCK. No doubt they would have shown at least slightly different results with that method. I do not know that they would show any differences that would have been material. I am not sure though.

The CHAIRMAN. As I understand, you have obtained these average prices by taking from the Treasury statistics the amount of sugar imported for the year and its declared value?

Mr. HITCHCOCK. Yes, sir.

The CHAIRMAN. Suppose you had taken the daily importation with the declared value of each shipment. Do you think the result would have been the same?

Mr. HITCHCOCK. I do not see how that could have been done.

The CHAIRMAN. I am not asking whether it could have been done or not. I am asking whether, if it could have been done, the result would have been exactly the same, in your judgment.

Senator TELLER. It does seem to me that is not a very pertinent inquiry. If it could not be done, it is a mere guess.

The CHAIRMAN. It is the average made up in the way in which he has made it up.

Mr. HITCHCOCK. In asking that question, do you refer to the wholesale prices at the ports as shown by these import prices, or to these New York quotations? I am not sure which you mean.

The CHAIRMAN. I refer to the declared value by the exporter at the place of production or shipment.

Mr. HITCHCOCK. Well, I should think if a computation could have been made embodying every importation and the declared value of every importation, the average derived would have been more accurately weighted statistically, but I am not sure that the difference would have been great. I am not sure that it would have been even material. I have no doubt it would have made some slight difference, for it is based on a different method.

The CHAIRMAN. In arriving at averages, the amounts shipped at a particular price must affect the general average, must they not?

Mr. HITCHCOCK. Certainly. In a properly weighted average the amounts are an important factor, of course.

The CHAIRMAN. You have taken all the shipments from Cuba as returned by the Treasury Department for an entire year, have you not?

Mr. HITCHCOCK. Yes, sir; all the shipments from Cuba to the United States.

The CHAIRMAN. Yes; to the United States.

Mr. HITCHCOCK. For an entire year.

Senator TELLER. This comparative table is for sugar from all ports, from everywhere.

The CHAIRMAN. Well, Cuba is one of them. I am talking about Cuba. In Table No. 1, to get the result of the average value of

Cuban sugar at 2.4 cents a pound, you have taken the shipments with declared values as given by the Treasury Department for the entire year.

Mr. HITCHCOCK. Yes, sir; the entire fiscal year.

The CHAIRMAN. Now, during a considerable portion of that year, shipments were comparatively small, were they not?

Mr. HITCHCOCK. They were comparatively small.

The CHAIRMAN. And the price may not have been the same during the period when the shipments were small as during the period when the shipments were large. Is not that so?

Mr. HITCHCOCK. It may not have been the same.

The CHAIRMAN. Then it is a fair way of getting at the comparison between the value of beet sugars and cane sugars shipped from Cuba, to take the yearly average as ascertained in that manner?

Mr. HITCHCOCK. If it appears from the price of the quotations throughout that year that there has been no decided fluctuation, I can not see why the method should be open to objection.

The CHAIRMAN. I will put it the other way, then. If during the months of May, June, and July of 1900 the price of Cuban sugar was 1.90 cents a pound and during the preceding October, November, and December it was 3 cents, of what value is it to get a yearly average as determining the difference between beet and cane sugar?

Mr. HITCHCOCK. You, of course, mean in asking that question——

The CHAIRMAN. I assume there is very much greater shipment in May, June, and July.

Senator TELLER. And a very much greater price. The whole thing is hypothetical.

The CHAIRMAN. Certainly, I am asking hypothetical questions now. It is the only way I can arrive at the value of the comparison.

Mr. HITCHCOCK. I should think if there was a great difference in the quantity, and a much higher price applied to the larger quantity than to the smaller, that a case like that would make a material difference.

Senator TELLER. These are based on weekly imports and on weekly prices, are they not?

The CHAIRMAN. Not the first table.

Senator TELLER. I am talking about the one I have in my hand, No. 5. You say on January 3, 1901, 7,068 tons, value \$692,664. Then you come the next week with 43,000 tons. Those are actuals.

Mr. HITCHCOCK. Those are the actual receipts, commercial receipts.

Senator TELLER. Actual receipts, actual prices, sworn to, are they not?

Mr. HITCHCOCK. No, sir; these are commercial statistics.

Senator TELLER. Where do you take those from?

Mr. HITCHCOCK. These, as noted on the table, are the receipts as published by Willett & Gray and these prices are also the New York quotations as published by Willett & Gray, taking their own receipts and their own prices.

Senator TELLER. Have you carried them out?

Mr. HITCHCOCK. I have computed the value of the sugar received in order to work out proper statistics.

Senator TELLER. You have taken Willett & Gray's amount of imports, have you?

Mr. HITCHCOCK. Amount of receipts.

- Senator TELLER. Well, receipts of sugar.  
Mr. HITCHCOCK. Receipts.  
Senator TELLER. But that is from all over the world, is it not?  
Mr. HITCHCOCK. The total commercial receipts at New York. Of course these receipts do not correspond exactly with these imports.  
Senator TELLER. I am not talking about that. Why will they not? I am talking simply about this sheet here, No. 5. Just state what that means, if it does not mean what I suggest.  
Mr. HITCHCOCK. It means the total of receipts.  
Senator TELLER. The total receipts of what?  
Mr. HITCHCOCK. Of sugar.  
Senator TELLER. That is what I say.  
Mr. HITCHCOCK. Of all kinds?  
Senator TELLER. Of all kinds, beet and cane, without any reference to where it comes from?  
Mr. HITCHCOCK. Yes, sir.  
Senator TELLER. We will take the amount and start with that. You took that from Willett & Gray's circular?  
Mr. HITCHCOCK. Yes, sir.  
Senator TELLER. Where do you get the value?  
Mr. HITCHCOCK. Also from their circular.  
Senator TELLER. And putting the value onto the total amount, you get the total value?  
Mr. HITCHCOCK. The total value.  
Senator TELLER. That is exactly what I understood; and from that you make an average of 4.07 cents, do you not?  
Mr. HITCHCOCK. Yes, sir; for the year.  
Senator TELLER. Now, I want to put in these tables that have been marked by the witness.  
The CHAIRMAN. Put them in now.  
The papers referred to are as follows:

No. 1.

*Average import price per pound of sugar imported into the United States.*

Year ended June 30—	Sugar not above No. 16, Dutch standard.						Sugar above No. 16, Dutch standard.
	Beet.	Cane and other.				Total not above No. 16.	
		From Hawaii.	From Porto Rico.	From Cuba.	From other countries.		
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
1891.....	2.8	4.2	3.0	3.1	2.7	3.0	3.8
1892.....	2.8	2.8	2.9	3.1	2.7	2.9	3.8
1893.....	2.9	2.9	3.2	3.3	2.8	3.1	3.9
1894.....	3.1	2.9	3.2	3.0	2.7	2.9	3.8
1895.....	2.0	2.7	1.8	2.2	1.9	2.1	2.8
1896.....	2.3	3.2	2.1	2.2	2.1	2.3	2.9
1897.....	1.8	3.1	1.8	2.1	1.9	2.0	2.5
1898.....	1.9	3.3	1.9	2.2	1.9	2.2	2.4
1899.....	2.1	3.7	2.3	2.5	2.1	2.4	2.7
1900.....	2.1	4.0	3.4	2.6	2.2	2.5	3.4
1901.....	2.2	3.9	3.4	2.4	2.2	2.5	2.7

These figures represent the wholesale market prices at the ports of shipment, and do not include the import duty levied in this country nor the cost of transportation to this country.



## No. 2.

*Imports of sugar into the United States from Cuba.*

	Pounds.	Tons.		Cents.
1891.....	1,420,566,475	638,646	\$45,039,513	3.1
1892.....	1,963,540,022	885,509	60,838,765	3.1
1893.....	1,843,652,253	823,059	60,637,670	3.3
1894.....	2,127,502,319	949,778	63,147,745	3.0
1895.....	1,845,763,398	824,002	40,100,204	2.2
1896.....	1,093,171,312	488,023	24,102,835	2.2
1897.....	577,790,173	257,942	11,962,473	2.1
1898.....	440,225,111	196,529	9,828,607	2.2
1899.....	663,543,657	296,225	16,412,068	2.5
1900.....	705,456,230	314,936	18,243,644	2.6
1901.....	1,099,404,363	490,806	26,373,690	2.4

## No. 3.

*Quantity of sugar exported from Cuba.*

Year ended June 30—	To United States.		To other countries.		Total.	
	Pounds.	Tons.	Pounds.	Tons.	Pounds.	Tons.
1899*.....	584,229,253	260,817	68,237	30	584,297,490	260,847
1900.....	691,635,327	308,788	175,789	79	691,811,116	308,867
1901.....	1,120,915,987	500,409	163,854	73	1,121,079,791	500,482

\*Six months only, January-June.

*Value and average export price of sugar exported from Cuba.*

Year ended June 30—	To United States.		To other countries.		Total.	
	Value.	Export price per pound.	Value.	Export price per pound.	Value.	Export price per pound.
		Cents.		Cents.		Cents.
1899*.....	\$15,817,588	2.6	\$1,785	2.5	\$15,819,323	2.6
1900.....	17,955,592	2.6	7,099	4.0	17,962,691	2.6
1901.....	27,058,648	2.4	5,870	3.8	27,064,518	2.4

\* Six months only, January-June.

## No. 4.

*Average market price of sugar per pound in New York City, according to Willett & Gray.*

Calendar years.	89° Muscovado.	96° Centrifugal.	Granulated.
		Cents.	Cents.
1891.....	3.4	3.9	4.6
1892.....	3.3	3.8	4.3
1893.....	3.2	3.7	4.3
1894.....	2.6	3.2	4.1
1895.....	2.9	3.3	4.2
1896.....	3.2	3.6	4.5
1897.....	3.1	3.6	4.5
1898.....	3.7	4.2	5.0
1899.....	3.9	4.4	4.9
1900.....	4.0	4.6	5.3
1901.....	3.5	4.0	5.0

Weekly receipts and market value of imported sugar at United States ports\* in 1901.

[Based on receipts as published by Willetts & Gray.]

Week ended—		Receipts.	Average price per pound.	Value.
1901.		Tons.	Cents.	
Jan.	3.....	7,068	4½	\$692,664
	10.....	48,962	4½	4,308,276
	17.....	29,910	4½	2,931,180
	24.....	28,112	4½	2,676,262
	31.....	43,287	4½	4,120,922
Feb.	7.....	58,062	4½	5,527,502
	14.....	80,857	4½	2,937,586
	21.....	28,209	4½	2,665,751
	28.....	42,868	4½	4,021,018
Mar.	7.....	51,609	4½	4,696,419
	14.....	45,149	4	4,045,350
	21.....	86,707	4½	3,314,642
	28.....	89,347	4½	3,553,034
Apr.	4.....	22,287	4½	2,023,567
	11.....	52,047	4½	4,772,710
	18.....	6,208	4½	581,841
	25.....	49,547	4½	4,647,509
May	2.....	89,510	4½	3,761,352
	9.....	56,729	4½	5,440,811
	16.....	88,083	4½	3,167,865
	23.....	88,167	4½	3,660,215
	31.....	40,655	4½	3,870,356
June	6.....	38,212	4½	3,637,782
	13.....	64,628	4½	6,152,586
	20.....	44,678	4½	4,253,346
	27.....	89,592	4½	3,741,444
July	3.....	58,884	4½	5,564,538
	11.....	36,868	4½	3,411,318
	18.....	84,769	4½	3,236,994
	25.....	18,647	4½	1,749,089
Aug.	1.....	22,165	4½	2,063,562
	8.....	14,624	4½	1,351,258
	15.....	28,255	4	2,083,648
	22.....	29,658	4	2,657,357
	29.....	46,168	8½	3,942,747
Sept.	5.....	17,484	8½	1,468,656
	12.....	89,778	8½	8,841,352
	20.....	87,374	8½	8,139,416
	28.....	12,522	8½	1,051,848
Oct.	8.....	18,066	8½	1,517,544
	10.....	84,168	8½	2,870,112
	17.....	16,174	8½	1,358,616
	24.....	53,406	3½	4,560,872
	31.....	35,009	3½	2,989,769
Nov.	7.....	26,122	3½	2,194,248
	14.....	26,463	3½	2,204,368
	21.....	19,275	3½	1,592,115
	29.....	18,421	3½	1,127,364
Dec.	5.....	11,089	3½	931,476
	12.....	25,430	3½	2,136,120
	19.....	85,432	3½	2,976,288
	26.....	12,409	3½	1,016,297
	31.....	24,460	3½	1,986,152
Total .....		1,753,005	• 4.07	159,724,614

\* New York, Boston, Philadelphia, and Baltimore.  
<sup>b</sup> Quotation of January 2, 1902.  
• This price is a properly weighted annual average, based on the total receipts for the year and their value, as obtained by applying the weekly price quotations to the weekly receipts.

TESTIMONY OF ANDREW W. PRESTON.

ANDREW W. PRESTON, having been first duly sworn by the chair-  
man, testified as follows:

Senator TELLER. Give your name to the reporter.

Mr. PRESTON. Andrew W. Preston.

Senator TELLER. State what your connection is with the sugar busi-  
ness, if you have any. You are president of some company, are  
you not?

Mr. PRESTON. I am president of the United Fruit Company?

Senator TELLER. State what that is, will you?

Mr. PRESTON. The United Fruit Company?

Senator TELLER. Yes.

Mr. PRESTON. It is a corporation organized under the laws of New Jersey, with a capital of \$12,369,500.

Senator TELLER. For what purpose?

Mr. PRESTON. To carry on the fruit business; that is, growing and importing and selling fruit, principally bananas. Bananas form the largest part of our business. That is our chief business.

Senator TELLER. Where?

Mr. PRESTON. The general office is located in Boston, and we have offices in New York, Philadelphia, Baltimore, Charleston, Mobile, and New Orleans. Our properties are located in Costa Rica, Colombia, Jamaica, Cuba, and Santo Domingo.

Senator TELLER. Are you in the sugar business?

Mr. PRESTON. Yes, sir.

Senator TELLER. Just state in what capacity.

Mr. PRESTON. In Cuba we have a total acreage of about 70,000. About 6,000 acres are under cultivation in bananas and about 9,000 in sugar cane. The business was started as a fruit proposition, so to speak.

Senator TELLER. How long ago?

Mr. PRESTON. That was started just before the war. On a portion of the lands that were not particularly adapted to bananas we conceived the idea of putting in cane. We found that with our other points of production during the dull season of the year we could produce bananas to greater advantage in our southern section.

Senator TELLER. What do you mean by your southern section, Costa Rica?

Mr. PRESTON. I mean Jamaica and Costa Rica, Cuba being a little too far north to operate during the winter season; and in order to utilize our force there we conceived the idea of putting in sugar and erecting a mill, so as to make the combined interests more productive—one to help the other.

Senator TELLER. You are speaking now of Cuba?

Mr. PRESTON. Of Cuba particularly.

Senator TELLER. That is all I care about. Where is your plantation situated in Cuba?

Mr. PRESTON. At Porto Banes, on the north side.

Senator TELLER. Is it in the east end or the west end? How far is it from Matanzas, and in what direction?

Mr. PRESTON. It is about, I should say, 150 miles from the eastern point on the north side. Are you familiar with the location of Nipe Bay?

Senator TELLER. No; I do not know anything about it. I have been through Matanzas and Cienfuegos.

Mr. PRESTON. Yes; they are on the south side. We are on the northeast side.

The CHAIRMAN. Up toward the east end of the island?

Mr. PRESTON. Yes, sir.

Senator TELLER. One hundred and fifty miles from the east end, he says.

Mr. PRESTON. Approximately that.

Senator TELLER. On the north side?

Mr. PRESTON. On the north side.

Senator TELLER. How long since you have been making sugar down there? I do not care about your bananas.

Mr. PRESTON. We commenced the operations of the present mill in May, 1901.

Senator TELLER. How many crops of sugar have you raised? Have you raised more than the one of last year?

Mr. PRESTON. No; last year, through defects of machinery, administration, etc., was hardly called a full year's business. It was largely experimental.

Senator TELLER. You mean this present fall?

Mr. PRESTON. I mean 1901.

The CHAIRMAN. In May, June, and July of last year, 1901, was when he ground his first crop. Now, in 1902, he is grinding another.

Mr. PRESTON. We are grinding another.

Senator TELLER. Your first output was how much? How much did you produce?

Mr. PRESTON. I will have to refer to my book for that. [After consulting note book.] A little rising 18,000,000 pounds.

Senator TELLER. Nine thousand tons, in round numbers.

Mr. PRESTON. Yes; in round numbers 9,000 tons.

Senator TELLER. Now, how much this year?

Mr. PRESTON. So far we have shipped about 20,000,000 pounds. Of course we are grinding that. We have not finished the season.

Senator TELLER. You mean you have already shipped that?

Mr. PRESTON. We have already shipped that.

The CHAIRMAN. I suppose what the Senator wants to get is the output of your present crop?

Senator TELLER. This year.

Mr. PRESTON. The present crop, this year?

Senator TELLER. Yes; you say you are not through grinding. You know how much you have ground, and you can probably tell how much you are going to grind, can you not?

Mr. PRESTON. Yes; approximately. Of course it is problematical. I presume we shall make probably 50,000,000 pounds of sugar.

The CHAIRMAN. That would be 25,000 tons in round numbers?

Mr. PRESTON. Twenty-five thousand tons in round numbers.

Senator TELLER. How much have you shipped?

Mr. PRESTON. About 24,000,000 pounds.

Senator TELLER. Where is that shipped?

Mr. PRESTON. That is shipped to Delaware Breakwater for orders, and has been sold in the Philadelphia, New York, and Boston markets.

Senator TELLER. You have sold it?

Mr. PRESTON. We have sold it.

Senator TELLER. How long did you have to store it?

Mr. PRESTON. We sell our goods as fast as manufactured, at the market price, whatever it may be.

Senator TELLER. What do you know about the production in that immediate vicinity this year of sugar?

Mr. PRESTON. Nothing that is reliable.

Senator TELLER. Have you any personal knowledge of it?

Mr. PRESTON. I have not.

Senator TELLER. Are you in the habit of going down there?

Mr. PRESTON. I have not been there but once.

Senator TELLER. This year?

Mr. PRESTON. I was there in February.

Senator TELLER. This last February?

Mr. PRESTON. This last February; February, 1902.

Senator TELLER. Is it not a fact that there are a large number of American plantations, owned by citizens of the United States, in your vicinity?

Mr. PRESTON. I did not know that there were.

Senator TELLER. In the vicinity of—do you call that Nipe Bay?

Mr. PRESTON. No; Banes. It is located near Nipe Bay. Nipe Bay being the largest bay, I referred to that, thinking you might be familiar with it.

Senator TELLER. How far is it from Nipe Bay?

Mr. PRESTON. It is a matter of 15 miles.

Senator TELLER. You say you have no knowledge of American holdings down there?

Mr. PRESTON. Sugar properties?

Senator TELLER. Yes.

Mr. PRESTON. None whatever.

Senator TELLER. Are you interested in any other properties down there except that one?

Mr. PRESTON. I am.

Senator TELLER. What others are you interested in? I am talking about sugar properties.

Mr. PRESTON. I am not interested in any sugar properties.

Senator TELLER. What properties are you interested in?

Mr. PRESTON. Properties at Nipe Bay, but they are not sugar properties.

Senator TELLER. What are they?

Mr. PRESTON. It is wild land at the present time.

Senator TELLER. How much? Do you speak of your company or yourself individually?

Mr. PRESTON. Individually. I understood you to ask me that originally.

Senator TELLER. I wanted to know whether your company had any and whether you had any?

Mr. PRESTON. Our company has not.

Senator TELLER. Except this 70,000 acres?

Mr. PRESTON. That is all.

Senator TELLER. Now, state the individual holdings.

Mr. PRESTON. There is a syndicate which owns—it is hard to determine just what it is—between 175,000 and 190,000 acres.

Senator TELLER. Where is that?

Mr. PRESTON. On Nipe Bay.

Senator TELLER. That is a syndicate?

Mr. PRESTON. Yes.

Senator TELLER. It is not a corporation?

Mr. PRESTON. It is not a corporation.

Senator TELLER. Is it what you would call an association?

Mr. PRESTON. An association.

Senator TELLER. When did you acquire that, Mr. Preston?

Mr. PRESTON. In 1901.

Senator TELLER. What is that to be devoted to—sugar?

Mr. PRESTON. It has never been considered as a sugar proposition as yet. Definite plans have not been formulated as to what would be done with it. The only proposition we have under serious consideration is a cattle proposition.

Senator TELLER. Is it open lands or timber lands?

Mr. PRESTON. Well, in an area like that there is a large variety of lands. It is swamp and mountain and valley, and perhaps every variety of land in Cuba.

Senator TELLER. How did you manage to buy so large a tract as that?

Mr. PRESTON. It was property that was opened up by a French syndicate years ago. They became involved in some way and the titles were not clear, and in order to settle the matter it was ordered to be sold at auction by the court. Cubans have about 25 per cent interest in this.

Senator TELLER. That is, the French people?

Mr. PRESTON. No; Cuban people. The French people sold their interest in order to be able to get a settlement among themselves.

Senator TELLER. When was this sold? Under our management down there?

Mr. PRESTON. Yes.

Senator TELLER. What did you pay for that land?

Mr. PRESTON. Mr. Chairman, is that a question I am obliged to answer?

Senator TELLER. Mr. Van Horne answered very promptly. Of course I do not want to go into anybody's private business particularly.

The CHAIRMAN. I suppose it is probably a subject of record down there, if it was a sale by the court?

Mr. PRESTON. Yes.

The CHAIRMAN. If it is a matter of record and sale, I suppose it could be found out in that way.

Mr. PRESTON. As I am not treasurer of the institution, I do not know that I can give you the figures exactly.

Senator TELLER. Give them approximately.

Mr. PRESTON. The sale and expenses I think approximated some \$400,000.

Senator TELLER. You do not know whether it is 190,000 acres or 175,000 acres?

Mr. PRESTON. No; the property is now being surveyed. The titles are very imperfect there and difficult to determine.

Senator TELLER. Is it described by metes and bounds? Is that the reason you can not tell how much it is?

Mr. PRESTON. It is described by pesos de possession, as they call it, which is a form of grant running from a certain mountain to a certain mountain, or a certain river, and then that has been broken up and distributed, so that if the place had \$500 value they sold first a certain portion of it and they would want \$100 worth of value.

The CHAIRMAN. They have circles cut into one another down there.

Senator TELLER. You say this is not a corporation. I should like to have you give me the names of your associates who are in it.

Mr. PRESTON. There are some twenty-one of them. I do not know that I can.



Senator TELLER. I suppose you could furnish that when you go home?

Mr. PRESTON. Yes; I could furnish that when I go home.

Senator TELLER. I would like to have you give me, though, what you can to-day, and you can send me the balance.

Mr. PRESTON. L. G. Burnham.

Senator TELLER. Tell me where they live.

Mr. PRESTON. He lives in Boston. T. Jefferson Coolidge, jr.; M. C. Keith.

Senator TELLER. Are they all in Boston, so far?

Mr. PRESTON. Keith is in New York.

Senator TELLER. Well, Coolidge is in Boston?

Mr. PRESTON. Coolidge is in Boston. His residence is Manchester, but his office is in Boston. Charles A. Hubbard, Boston; B. W. Palmer, Boston; W. H. Bennett, New York; W. S. Walsh, New York; Hippilito Dumois, F. Simon Dumois, George Dumois, and a party by the name of Biola. I do not remember his initials. Commencing with Hippilito Dumois those are Cuban people.

Senator TELLER. Do you know whether they are American citizens?

Mr. PRESTON. No; Cubans.

Senator TELLER. There are a good many Cubans who are American citizens?

Mr. PRESTON. I think they were all born there. They are doing business there, and I assume they are Cubans.

Senator TELLER. That is, these three men you have just named?

Mr. PRESTON. Four.

Senator TELLER. All those living at Habana?

Mr. PRESTON. There are some others there that I can refer to when I get to Boston; and then myself, Boston. The others I will have to refer to our files to get.

Senator TELLER. Do you know anything about the holdings of these gentlemen down there aside from this?

Mr. PRESTON. I know that they have plantations of cane and fruit. I am not familiar with what the area is.

Senator TELLER. Will you give me the names of them?

Mr. PRESTON. The Dumois are interested as fruit growers.

Senator TELLER. I do not care about those. I mean these Boston gentlemen.

Mr. PRESTON. No; I do not think they have any interest at all in any Cuban lands. In fact, I am sure of it.

Senator TELLER. Has not Mr. Coolidge some interest outside of this?

Mr. PRESTON. Not that I know of. I never heard him speak of any, and I do not think he has any.

Senator TELLER. There are quite a number of Boston gentlemen who have estates down there, are there not?

Mr. PRESTON. I know of only one; that is Mr. Atkins. He has been there for a number of years.

Senator TELLER. Is he the only one you have personal knowledge of?

Mr. PRESTON. He is.

Senator TELLER. How do you purchase cane? What do you pay for it?

Mr. PRESTON. The method of purchasing cane is that the colonists, the small growers, the Cuban planters, bring it in to the mill, and our

method of adjustment, paying them for the cane they bring, is to give them the price of 100 pounds of 96-test sugar in Habana.

Senator TELLER. The price that then exists?

Mr. PRESTON. The price that then exists, and that price is determined by the average weekly price. We make weekly adjustments with them, and the price for the past week on Habana 96-test sugar on 100 pounds is the money we give them for a ton of cane.

Senator TELLER. That is, if sugar is worth \$1.90 a hundred, you give them \$1.90?

Mr. PRESTON. We give them \$1.90 for their ton of cane.

Senator TELLER. And you settle with them every week?

Mr. PRESTON. We settle with them every week. That seems to have been a Cuban custom.

Senator TELLER. Are these men living on your land?

Mr. PRESTON. No; they live on their own properties.

Senator TELLER. Do you have any of that character living on your own land?

Mr. PRESTON. No, sir.

Senator TELLER. This 9,000 acres you work yourselves?

Mr. PRESTON. We work ourselves.

Senator TELLER. And that is where you got the sugar you spoke about?

Mr. PRESTON. That is where we got 90 per cent of it. Probably the colonists furnished about 10 per cent. They furnish about 10 per cent of the cane that is ground in our mill.

Senator TELLER. Then, about nine-tenths of it is on your own place?

Mr. PRESTON. On our own place. It is equivalent to that.

The committee thereupon adjourned, subject to notice.

SUBCOMMITTEE OF COMMITTEE ON RELATIONS WITH CUBA,  
UNITED STATES SENATE,  
*Washington, D. C., Thursday, May 29, 1902.*

The committee met at 10 o'clock a. m.

Present: Senators Platt (chairman), Burnham, and Teller.

**TESTIMONY OF HON. R. F. BROUSSARD, REPRESENTATIVE FROM LOUISIANA.**

R. F. BROUSSARD, being first duly sworn by the chairman, testified as follows:

Senator TELLER. Mr. Broussard, you have been to Cuba recently, have you not?

Mr. BROUSSARD. Yes, sir; I returned from there about ten days ago.

Senator TELLER. You have been there before, I believe?

Mr. BROUSSARD. No, sir; I have not.

Senator TELLER. This is your first trip?

Mr. BROUSSARD. My first trip.

Senator TELLER. I think perhaps the best way is for you to simply go on and make your statement about sugar conditions in Cuba. As this question has been before the House, you know all about it.

The CHAIRMAN. There are three things we are inquiring about, Mr. Broussard.

Mr. BROUSSARD. I would like to have you direct me, because I have not prepared any statement to make here.

The CHAIRMAN. The first is, whether the Cuban sugar crop has been purchased by what is known as the sugar trust.

Senator TELLER. Or anybody else. The question really is, whether the crop is in the hands of the people who have made it.

Mr. BROUSSARD. Yes, sir.

The CHAIRMAN. The second question is whether any reduction of duty will inure to the producers there or purchasers here. The third is to what extent the citizens of the United States have acquired sugar-producing property there.

Senator TELLER. Mr. Broussard, I think the best way is to let you go on and make your statement.

Mr. BROUSSARD. I have no prepared statement on the subject.

Senator TELLER. No; I know you have not a prepared statement, but we will be glad to listen to whatever you care to say about the matter.

Mr. BROUSSARD. Very well.

In so far as the first query is concerned, my investigation, which included the entire portion of the island, starting from Habana and extending as far as Cienfuegos, does not show that the American Sugar Refining Company or the alleged independent refining companies in this country own any very large proportion of the raw sugar that has been manufactured this year, though I have found evidence of the fact that the American Sugar Refining Company and some of the independent companies own sugar in that territory. I include in that territory the provinces of Habana, Matanzas, and Santa Clara. I did not go beyond Santa Clara Province.

At the same time, the best information available in the island convinces me of the fact that with very few exceptions all of the sugar manufactured this year, the season having about closed at this time, is hypothecated (if I may use a civil law term which they use down there) to men who lend money, principally banks; and that the output in that territory, according to the best information I have been able to gather, amounts to about 700,000 tons.

The CHAIRMAN. Do you mean the whole crop this year?

Mr. BROUSSARD. No, sir; I mean in these three provinces. There is some sugar made around Santiago and some in Puerto Principe, but not much. The main sugar district is in the three provinces I have mentioned.

The CHAIRMAN. Let me understand. Do you mean that the three provinces of which you have spoken will produce 700,000 tons?

Mr. BROUSSARD. I say they have produced very nearly that much, if not in excess of it.

All of the sugar manufactured in these provinces—I have not been in the others—is now warehoused, with possibly a small percentage of it, which has either been disposed of for local consumption or a little of it has found its way to the United States. At Matanzas I visited the warehouses, and found them filled with sugar to overflowing; and I saw along the San Juan River (I believe that is its name) sugar stacked in the same manner as we stack it on the levee in New Orleans, and sailing vessels loading with it to carry it out. When I inquired where the sugar was going, I was told that it was being carried to other points on the seaboard for storage until this proposition was disposed of.

I can not conceive that the entire money that has been loaned on this sugar, as represented to me, represents any interest outside of the United States. While the truth of the matter is that there is a small percentage of this sugar held by the sugar trust there, it is evident to anyone who will investigate this matter that this sugar, despite the fact that it is all probably mortgaged to the full extent of its present value, is held upon loans secured in this country. Whether these loans have been made by the manufacturers of this country or not I can not say, although I can not conceive that anyone would spend money on this sugar unless it was intended that the party lending would control the output when the transportation becomes necessary, either under any bill passed by Congress or the defeat of any measure which will compel it to come on the American market.

I am quite sure that if the market were open to-day, one way or the other, through either the passage or the defeat of any measure pending before Congress, the output would come to this country; and I am quite sure in my conclusion that if the output came to this country it would have to be controlled by the manufacturers in the country and placed on the market after being reworked. I have found no sugars in the island that gauged over 95½, except that for local consumption, such as is manufactured at the refinery at Cardenas, just a little beyond Matanzas. Clearly there is no sugar there that can be put on the market except after re-refining. Of course almost every sugar house is a refinery there, except that they aim to gauge their sugar below 96.

In so far as the first proposition is concerned, therefore, the result of my investigation is that a small proportion of the sugar there belongs to the American Sugar Refining Company, a smaller proportion to the alleged independent refiners, and the balance is in the control of the banks and money lenders in the island. There are a few money lenders outside of the banks who loan upon capital secured in the United States, and therefore subject to foreclosure at any time when it is to the advantage of the sugar refiners in this country to foreclose, and thereby secure every advantage of any measure pending before Congress now and intended for the sugar planter in Cuba.

I think that is as fair a statement as I could possibly make as to the result of my investigations. I am convinced that the sugar trust owns only a small proportion of this year's crop; and I am likewise convinced, in fact I am absolutely convinced, that no one will derive one fraction of a per cent of interest in the crop that has just been closed, except the Cuban planter who has had the means to conduct his own business without the assistance of anyone; and I do not think that represents a fraction of a per cent. When I say a fraction, I mean to say that I do not think it represents more than 1 or 2 per cent of the sugar planters of the island. The balance of it is beyond the control of every man who has manufactured the sugar, and he can in nowise escape the responsibility of disposing of his sugar whenever his creditor compels him to do so.

In so far as the man who works his plantation is concerned, his labor as connected with the last crop has been used, and the price of it has been paid; and he clearly can get no advantage for this crop that is now in Cuba from any reduction of the tariff. Any reduction of the tariff must go to one of two classes of people. Those classes are the man who worked his own crop with his own money—and they are very

few; I do not think they exceed 2 per cent—and the man who holds the mortgage on that crop, who will inevitably take advantage of the situation, and must take advantage of it in order to make a good big profit. He will inevitably seek, of course, to make a good big profit on his investment.

This leaves the situation in this way: That his money will be paid back to him is secured to him now. It will be paid back to him without regard to any advantage he may gain from legislation here. Therefore the American sugar refiner will get, in my judgment, almost all of the reduction granted by Congress to the Cuban planter.

In regard to the second query, I will state that I find that the greatest difficulty the sugar planter in Cuba has arises from the scarcity of labor. I went there at the closing of the season. Some few plantations were at work. I found sugar being made around Perico, and later I found some 3 or 4 miles from there, around Colon. I found that possibly the majority of the plantations in the Matanzas district were closed, having completed their sugar campaign. Despite the fact that some were closed, I found no plantation that was not short of labor; and clearly if there was a scarcity of labor there, and if the manufacture was practically concluded there, no legislation could affect the laborer anywhere in the island at this time, and no legislation could affect the colono (the tenant, as we call him in Louisiana) at this time.

The work had been performed when I was there. The wages had been paid, or had been liquidated if not paid, though I found no one who had not been paid for his labor, and the planter held his sugar. They are not shipping sugar from there. The ship that brought me back had only 1,500 bags of sugar on board, and it was a large ship, as large as any that go to the island.

So that any reduction, in so far as this year is concerned, must inure to one of two classes of people. I have already described them. They are the man who makes sugar on his own money, and the man who loans the money for the other fellow to make the sugar; and they stood in the proportion, in my judgment, of about 99 to 1—the lender being the 99 and the man operating on his own cash basis being the 1 per cent.

The acquisition of property by people in this country is a matter which I could only gather through the press.

Senator TELLER. Let me ask you this question before you leave that matter. When you spoke of this ratio of 99 to 1 you were speaking of the Cuban, were you?

Mr. BROUSSARD. I am speaking of the Cuban and Spanish planters.

Senator TELLER. That is, the local planters—not the American planters?

Mr. BROUSSARD. No, sir. The 99 had borrowed money from somebody, and I can not conceive that they borrowed it from anyone in the island. They must have borrowed it from the men in the market where they disposed of their sugar.

Senator TELLER. Now, go on.

Mr. BROUSSARD. The acquisition of property in Cuba by Americans I have only been able to learn through rumors, through real estate agents in Habana, and through the public press. Quite a lot of land has been acquired by Americans; and considering the conditions there



and the conditions in Louisiana and Texas, there is no reason why the entire island (because, practically, the entire island will produce sugar) should not be acquired by Americans. I make this statement from my knowledge of conditions in Louisiana and my knowledge of conditions in Cuba in the matter of the production of sugar. I would rather be a sugar planter in Cuba, disposing of my sugar at \$1.60, than be a sugar planter in Louisiana and dispose of my sugar at \$3.50. I think there is more profit to the planter at \$1.60 in Cuba than there is in Louisiana at \$3.50; and, in so far as I have been able to learn through the hearings before the Ways and Means Committee in the House, every one of which I attended, I believe those conditions apply to the beet culture of this country as well as to the Louisiana and Texas sugar planter.

Senator TELLER. Are you a planter?

Mr. BROUSSARD. Yes, sir. I have an interest in a sugar place.

Barring one single stage of the manufacture and shipment of sugar, Cuba has every advantage over the Louisiana sugar planter and the Texas sugar planter; and from what I know of the beet-sugar culture it has an equal advantage over it to-day. I shall try to draw a distinction, so as to establish the proposition I laid down that I would rather make sugar at \$1.60 in Cuba than at \$3.50 in Louisiana or in Michigan, if my information is correct, and I believe it is.

We have to plant every other year. They plant once in possibly an average of ten years; and, if systematically conducted, there is no reason why they should ever plant at all after the first planting. That is so for the reason that the soil there is very loamy. I have seen carts sink to the hub in a territory that was 30 feet above sea level, higher than it is on the plantations in Louisiana, requiring as many as six yoke of oxen to pull the cart out of a dry road, where rain had not fallen for five or six months, thus evidencing the loamy character of the soil.

Then they scarcely have any fences around their plantations, and they work their plantations with oxen. These oxen are allowed to graze in territory set apart on the plantation, and unless carefully watched will range into the cane fields. Besides, when harvesting the crop, their stock not being fed at all, and being possibly worked more in the nighttime than in the daytime, they are supposed to be staked out in the cane fields and eat the cane tops.

As a matter of fact, however, they range around, no man having any particular set of teams to work, and every man being at liberty to draft the nearest team to pull his cart out, and they naturally go to the green foliage and attempt to feed from it. It is very often the case that they pull up a group of cane. Their cane is planted on a flat surface below the level, instead of above it, as in Louisiana, and they are liable to pull up the entire group of cane. Inasmuch as they do not plow except where the cane fields have been burned, and inasmuch as they do not hoe except to pull out the weeds, they pay no attention to a hundred group of cane in an acre of land being pulled out, and they continue to cut from the balance until they so reduce the number of groups of cane in an acre of land that they have to replant. But, in my judgment, if every time a group of cane was pulled out of the ground they would replace it by replanting there is no reason in the world why one planting should not last forever, and I give it as my judgment that I could run a plantation there and never replant from



now on to the end of my days. I would never replant a single acre of land on a Cuban plantation if I controlled it and managed it.

Senator TELLER. You would not allow the cane to be pulled up?

Mr. BROUSSARD. If it were pulled up I should replace it; and it is the simplest thing in the world. It is absolutely costless to replace it.

Senator TELLER. How do they do that?

Mr. BROUSSARD. They cut four joints of cane out of a cane that is healthy (and it is always healthy), where the eyes have not been destroyed, and they can not be destroyed except by picking them out, because no weather can destroy them. They take four joints of cane, which means three links of the cane, and another piece of like character. They take a hoe or a machete, and they dig a little hole and put it down and pull the dirt over it with their foot just as in planting it in ashes, and that is the end of it. If every time one of these groups were pulled out they would replace it they would never want replanting of cane in the island. When it is said that they replant once in ten or twenty years, it only demonstrates the fact that they do not keep up with a patch of cane and see that every 2 feet of it (because they plant about 2 feet apart) was replanted when from some circumstance or some condition it had been pulled out.

Now, when it comes to the burning of a sugar field, of course the ground needs a little stirring, because the fire is intense and rapid, such as you read of in the Western prairies. The result is that the heat drives away the humidity which is essential to the root of the cane, and it then becomes necessary to take an old wooden plow, which I have seen done after fires there, with one pole to it, and a pair of oxen, and snail along and just tear up the soil in between the two places. They run no furrow at all, but simply tear up the soil so as to loosen the soil around the roots.

After that is done the cane is just as good as it was before. It grows exceedingly fast. I have seen it cut after a burn and the plow run through it and in three days I have seen it out of the ground over two inches. Not a single eye that was below the soil had been injured or damaged. The soil was simply dry and it required running a plow between them.

Starting with the planting of the cane, then, it is my judgment that a man need not ever replant his cane in Cuba. It is my judgment that he need not stir a furrow unless accident burns his cane, or some scoundrel goes around and burns it, as is usually the case. (I may say that no sugar planter in Cuba will admit that that is the case, because he is afraid they will take him before the courts and hold him there forever. He always says it is an accident, even when he knows that some one has burned it, because he does not want to go before the courts.)

All there is to the cultivation of the cane is the extracting of the weeds from the cane patch; and that, in my judgment, only follows after the first planting, or the replanting, under their system. They plant the cane very deep. After the cane is planted, the seed of the weed being on the surface, the sun strikes it first and causes it to germinate before it can reach 8 or 10 inches deeper below the surface and cause the cane joint to germinate. The weed thus gets the advantage, and the method of cultivation is simply to go and pull this weed out. After the first crop is raised, and you cut the cane, the cane commences to sprout. As I said a while ago, I have seen it after a

few days sprout clean above the ground. The cane then has an equal chance with the weed or, in fact, an advantage over it, and it is scarcely necessary to replot or recultivate after the first planting.

After all, therefore, the entire question of the cultivation of cane in the island resolves itself into this proposition—that the cane comes free to the planter on the cane carrier. He cultivates no cane at all. He contracts for the cultivation of cane. He contracts with the colono. This man takes the land in the rough, in many instances, or where a plantation has been long established he takes it growing, and he contracts (usually for ten years, as I am informed there) to deliver cane on the carrier on this basis. I was surprised to hear it stated before the Ways and Means Committee that a man gets \$25 or \$30 a month for working on a plantation. He does nothing of the kind. He usually works for the colono. The planter works nobody. He contracts with the colono for so many acres of cane delivered on the carrier or on the car—which means delivered on the carrier, because subsequently every step is by machinery, and it requires only two or three men to operate it—at a percentage which is fixed as follows:

If the cane is within a given radius of the carrier or of the car, he gives 5 per cent, provided he is not under necessity of making any advances to the colono. If it is within that given radius and he has to make advances, he gives 4 per cent. If it is beyond that radius, he gives 5 per cent if he is advanced and 6 per cent if he is not advanced.

That percentage is predicated upon this calculation: Four per cent means 4 pounds of sugar for every 100 pounds of cane; so does 5 and 6. So that if a colono raises cane on a plantation he is under obligations to land it in the mill, and gets 4, 5, or 6 per cent, according to the distance and to the advances made. Those are the two precedent conditions. If he gets 4 per cent, a ton of cane nets him 80 pounds of sugar. If he gets 5, he gets 100, and if he gets 6, he gets 120 pounds.

That is paid to him in money, not in pounds of sugar, because he has no means of carrying it to the seaboard or shipping it to it. He is compelled to sell to the sugar planter. He can not sell to anybody else, because he manufactures a grade of sugar that nobody will consume there; and he has no opportunity of getting to the seaboard with it.

He is therefore compelled to sell to the sugar planter; and he is compelled to sell to him at a rate which the sugar planter fixes, or he can take his sugar and cart it off. As he can not cart it off, because he is using the carts of the plantation and the oxen of the plantation in the cultivation of his cane and in the hauling of the cane to the refinery, he is compelled to sell to the sugar planter. What the basis of that sale is I do not know; but it does not exceed the current price of sugar of that grade in the island.

This colono does not employ his men by the month or by the day. He employs a padria, as they call them. The group of men is called the padria. He pays them so much by contract. Here is a patch of cane of so many acres. He pays so much to clean it, so much to cut it, so much to haul it. The man has a little world of his own. The planter settles with no one except the colono, and the colono settles with no one except the head of the padria. So that no man can ascertain what the rate of wages is there, except that he can ascertain that

there is a scarcity of labor, and therefore labor in the island is getting the highest wages it can possibly get. Therefore, under any conditions that could be arranged which would ameliorate the sugar planter's condition, unless there was a restriction upon the importation of contract labor, the importation of labor excluded in this country by the Chinese-exclusion act, or the importation of any inferior labor that might come into this country, he would have the advantage of securing his labor cheaper than it can possibly be secured by sugar planters here, and of obtaining an advance in the price of his sugar, thus giving him the advantage over the American sugar producer, whether he be South or West or Northwest.

After the cane gets into the carrier the planter contracts (he does not operate anything at all himself) to put that sugar in bags on board of train. Usually what we call the sugar maker—I do not know the term down there—makes the contract to take the juice as it comes out of the rollers and put it into sugar, into bags, and into the car for a given price. That price, I know, is below the price we pay for the same kind of labor, because we employ the individual, and it is immaterial to the planter how much a man works or how little he works. He has only contracted to do a certain thing for a certain price, and until that is done the money is not due and is not paid.

After the sugar gets into the car, there comes the difficulty, and the only difficulty, that the Cuban planter has. His freight rate is greater than ours is.

Senator TELLER. The freight rate to the seaboard?

Mr. BROUSSARD. The freight rate to the seaboard. The average freight rate there would seem to me, according to the best calculation I have been able to make, to be about 30 cents a sack. A sack contains 325 pounds. I consider that extremely high. The man who has a plantation on the seaboard gets that advantage. The Chaparra plantation, for instance, gets that advantage. It ships its sugar from Puerto Padre, and has no freight rate to pay. It has lighterage to pay, I am told, but I did not go on that plantation.

The evolution of railroad construction in Cuba is now beginning. Starting from Habana, there is one road going to Cienfuegos, a distance of about 150 miles, I should say, but in area of territory there are at least twenty or thirty independent roads, and there is no understanding between the different railroads.

Senator TELLER. Do you mean twenty that are just starting or already built?

Mr. BROUSSARD. Already built. There are quite a lot of railroads.

The CHAIRMAN. Do you mean branches that connect with the English system?

Mr. BROUSSARD. They "connect" without connecting. They will not agree to carry you from one line to another. They will only agree to carry you and your freight on their own line; so that if you have to go over two railroads you have to make two contracts for either the individual traveling or the freight being carried. But starting from San Luis, a little north of Santiago, and going north as far as Victoria de los Tunas, the Whitney-Van Horne Company have built a railroad; and starting from Santa Clara, going in the opposite direction to a town in Puerto Principe—I do not remember the name of the town, but it is only about 80 or 90 miles distant from Victoria

de los Tunas—they have built another road, which is intended to connect with this one. The same company built both roads, and is building them in opposite directions.

Whenever they get the railroad systems under the control of one company, which I believe is inevitable, freight rates can and will be regulated; and I conceive that there will be no trouble in getting equitable rates, because the passenger rate is not very much higher than it was in Louisiana some years ago. It is not any higher, in fact. I can travel in Cuba, on the established roads from Habana to Cienfuegos, for 4 cents a mile; and some ten years ago I had to pay 5 cents to travel in Louisiana, and freight was in proportion.

I do not think the freight rate to-day is higher in Cuba than it is in Louisiana, except that when they carry freight on one road and transfer it they charge double rates. I should think the average cost of carrying sugar to the seaboard is about 30 cents a sack. I have seen people who paid 60 cents a sack. Now, on the crop of an average plantation—I will not take a large plantation; I went over Mr. Mendoza's place, and I would not take that as an example, but would take an adjoining place that has made about 29,000,000 or 30,000,000 pounds of sugar, and only has 7,000 acres of land—the average price of transportation was about 34 cents a sack; and they are only about 18 miles from the seaboard.

The CHAIRMAN. Thirty-four cents a sack?

Mr. BROUSSARD. Thirty-four cents a sack of 325 pounds. I believe they use their own locomotives in hauling it over the railroad. I do not think the railroad does anything except to furnish the cars and the tracks; but I am not sure of that.

Barring this one question of transportation, which, after all, is something used against us in Louisiana by the American Sugar Refining Company, they have every advantage in labor, in cultivation, in manufacture, in climate, and in cost of machinery. I say in cost of machinery—they pay more than we do for machinery, but they have the advantage that while we operate for sixty days at the utmost, they can operate from six to eight months. Therefore the machinery comes cheaper, because the money invested in machinery in Louisiana is only intended to be used sixty days in the year, while the Cubans can use it for two hundred days at best and one hundred and seventy days at worst. So that every cost that goes into the production of sugar there is so absolutely cheaper than the corresponding cost that enters into the production of sugar in this country that I say I would rather produce sugar at \$1.60 in Cuba than to produce it at \$3.50 in Louisiana; and I believe that those proportions are about right, as far as my judgment goes.

In the question of the machinery used, they use no clarifiers. That is for the reason that the quantity of saccharine matter in the sugar cane raised in Cuba is so superior to ours. I saw juice tested in Cuba at 17—it was not picked, either, but right out of the mill—whereas we scarcely get over 11. When we get to 11 we think we are doing splendidly. We start with 8½. We have to start before the cane ripens. That does not mean that there is so much more sugar in a ton of cane, but it means that there is so much less expense in granulating the sugar. They do not have to do much evaporating; they do not have to use any fuel.

Rather the trouble with the sugar planter in Cuba is that he is worried with the bagass. He not only has every bit of the fuel he requires,



but he has a surplus that he does not know what to do with. With us, on the other hand, we have to have coal to take the place of bagass, or we have to have oil or wood. We use oil now. All of that expense is done away with, because the trouble with them is how to get rid of the surplus of the wood pulp of the cane.

Senator TELLER. Is that because the cane is larger?

Mr. BROUSSARD. No; because the cane is riper. It is allowed to ripen there. You see, they will not cut it until it flowers, while we have to cut it, whether we want to or not, at first when it is absolutely green, as green as it can possibly be. We have to cut it and bring it to the mill in that condition.

Senator TELLER. Why?

Mr. BROUSSARD. Because we must get rid of the crop before the cold season sets in, whereas if they do not grind the cane this year they can grind it next year.

Senator TELLER. In Cuba, you mean?

Mr. BROUSSARD. In Cuba.

Senator TELLER. But you can not do that.

Mr. BROUSSARD. No, sir; we can not do that. Not only that, but if we do not close by the 1st of January the chances are that what is left after that time is valueless; it is gone. If the Cubans do not grind it this year on the other hand they can grind it next year. Even if they lost it they would still have an advantage over us, because when we lose it we lose the plowing and the planting and the labor that has been paid on it, while with them they have no labor at all and no expense connected with it. They have simply contracted to deliver the cane on the carrier, and if it is not delivered it is the colono that loses it. The planter loses nothing at all, because it is his cane that is undelivered.

I have said that it was immaterial to the sugar planter in Cuba whether he ground his crop one year or the next year, because what he can not grind this year he can grind the next year. I have seen cane that was ground the second year of its maturity. I have not very much confidence in the productiveness of that cane, so far as sugar is concerned; but they do it, and it must be a profitable business to do it, because if it was not they could cut it, take it off, and let a new growth come up. The only expense incurred then would be the cost of cutting and hauling it off the ground. In fact, they might even leave it on the ground, because they will not burn their leaves. The leaves maintain the humidity of the soil and expedite the growth of the cane; and they might cut it and leave it right there and let the other cane grow right through it. I should think that was what they would do if there was any loss in holding cane over from one year to the other.

I have also said that the cost of the cane to the planter on the carrier is not an item of cost to the planter in the manufacture of sugar.

Senator TELLER. You mean it is so small?

Mr. BROUSSARD. It is not any item at all as compared with the Louisiana planters; and I will now undertake to demonstrate why it does not amount to anything in computing the value of the sugar after it is manufactured.

I have said that the colono gets 4, 5, or 6 per cent; and I have explained that. They make no third sugar in Cuba; they make only first and second sugars.

Senator TELLER. Before we go into that branch of the matter, what is this padria? Please explain that.

Mr. BROUSSARD. The padria is a gang of men under one man's control, who cultivates under contract with the colono. The colono is what we would term in this country the tenant, who is given, without cost, a certain area of land in the cane field to be cultivated into cane, and who contracts to sell this cane to the planter, delivered on the carrier, on a percentage of sugar proportionate to the quantity of cane that he brings to the carrier. That percentage is 4, 5, or 6 per cent, or 4, 5, or 6 pounds of sugar for every hundred pounds of cane he places on the carrier.

The padria works by the job, if I may use the expression. He asks so much for so much work. He employs his own hands. His contract is with the colono. The colono works under contract, and his contract is that he shall deliver the cane grown on a given territory in the plantation on the carrier, and get therefor 4, 5, or 6 pounds of sugar for every hundred pounds of cane that he lays on that carrier.

Senator BURNHAM. The actual labor is done by the padria, is it?

Mr. BROUSSARD. By the padria; so that no man can tell what the laborer is getting. You can tell this—that every laborer is employed, and every planter seeks to get the laborer of his neighbor unless his neighbor is a friend of his. He is short of labor. They are all short of labor.

Senator TELLER. They strive for labor, do they?

Mr. BROUSSARD. Yes. There is no strife between friends, because the better class of people down there are a splendid class of people. There is no doubt about that. The native Cubans who are educated and the Spaniards are splendid, magnificent people. They live within certain circumscribed moral obligations that they assume toward one another, and which they will not violate. I found them the best people I ever met in my life. I think the Spaniard in Cuba and the Cuban who is educated is as fine a gentleman as I want to meet on earth; so that there is no controversy, except between people from a distance, who are not acquainted with one another.

I said awhile ago that the cost of the cane on the carrier to the planter is not an item to be estimated in the cost of the production of sugar, and I shall undertake to demonstrate that in the way in which I have reasoned it out.

They make no third sugars in Cuba. They make first sugars, and they get approximately 200 pounds of first sugar to a ton of cane. We get about 160 to 170 of first sugars. They get, in the portion of the island where I was, an average of 30 tons to the acre. We get in Louisiana an average of 18 tons to the acre. They get 15 per cent—between 10 and 15 per cent—of seconds, as compared with the first, which means that a ton of cane will yield from 220 to 230 pounds of sugar, the 200 pounds being the first sugars and the balance the second sugars.

They take the molasses left after the sugar has been manufactured and use it in one of two ways. If they are connected with the refinery, refining for local consumption, they tank this molasses in the same manner in which the oil trust ships its oil all over the country, in a tank built on a car. They ship it to the factory. There they use this molasses (as I have seen it go to Cardenas, and have been told it is used) in redissolving the grain of the sugar that has been made when the sugar was granulated. They take the first and second sugar and the molasses, put the entire mass together again, and remelt it. In using this molasses they save this expense.



We, in Louisiana, who sell our sugar to the refinery, take our molasses and throw it away; and in order to redissolve this sugar and bring it back to a mascuite it becomes necessary for us to put a whole lot of water in it. Otherwise the sugar would burn. We have to evaporate this water. In refining sugar of 96 test, assuming that that is the grade (though we go a little above that), all of the water injected into the raw sugar in order to remanufacture it has to be evaporated, and therefore steam has to be used and fuel has to be used. But they take this molasses and redissolve the whole thing with a little injection of water, and have very little evaporation to make in their refineries.

That applies only, however, to that portion of the crop that is manufactured for local consumption, and not that portion of the crop that finds its way into foreign markets. The man who manufactures the sugar makes his firsts and his seconds, and takes his molasses and makes it into rum. He has no internal-revenue tax. He has nothing to do except to produce this rum and dispose of it; and the average profit out of the manufacture of the molasses into rum is from \$25 to \$30 an acre.

If the colono gets 80 pounds of sugar on a ton of cane, and if he gets \$1.72 for his sugar (he gets less than that, unquestionably) it is easy to ascertain the fact that he does not have to use so much fuel to make the sugar in the first place. The fact that he can take this molasses and get from \$25 to \$30 an acre for it demonstrates that everything he pays to the colono is clear profit over and above what we have to pay to the tenant in Louisiana.

Now, then, his cane comes to him practically free on the carrier; and the only expense he has that must enter into the price of his product is the expense that he incurs from the time the cane leaves the carrier and drops into the crusher until he places it on the market. He starts with the advantage that every item of cultivation is done away with, every item of hauling is done away with, and every item connected with any part of the agricultural portion of the manufacture of sugar is absolutely free to him. If he is a refiner he uses the molasses to expedite his refining, and extracts sugar from this molasses. If he is not a refiner he uses it in making rum, and gathers from the sale of this rum all of the expenses that were incurred in bringing the sugar to the carrier; so he starts free of any expense.

Senator TELLER. As compared with you?

Mr. BROUSSARD. As compared with us, yes; and as compared with the beet man, who must buy the beet or cultivate it. He starts scot free. When the cane drops on the carrier it is scot free to him, in my opinion. If there is any expense that he incurs it is so slight that it would require an expert to ascertain what that difference is. So that I say that in estimating the cost of the production of sugar in Cuba the question of the cane itself is not an item, and does not enter into the price of it.

We get 18 tons to the acre. He gets, in the portion of the island where I was, about 30 tons, and the argument applies with more force in the extreme end of the island where the lands are new and the extraction possibly lower, if I am to govern myself according to the extraction in Louisiana from new and old lands. But he gets an average of some 40 or 45 tons. He gets an average of some  $3\frac{3}{4}$  per cent increase in the production of cane on an acre of land. His extraction may be somewhat less; it ought to be somewhat less.

Senator TELLER. You mean to say, then, that on the new'land there is not as much sugar in the cane?

Mr. BROUSSARD. There is not as much sugar in the cane.

Senator TELLER. He might get a greater bulk?

Mr. BROUSSARD. They get a greater bulk of cane, a little more water.

Senator TELLER. But not so much sugar per ton?

Mr. BROUSSARD. Not so much sugar per ton. We do not think the juice would measure as high in Baume as it would in New Orleans; but the conditions in that end of the island, if I am correctly informed, are better than they are where they have been raising sugar for a number of years, a hundred years or more. They are better in this way—that a man who invests his money, as has been done by Americans who have refineries in that end of the island, finds himself in position to give the crude land, with whatever is on it, to a colono, and contract with him to clear the land, which means a whole lot of additional value to the land.

You can buy good cane lands there, splendid cane lands, for \$1.50 to \$3 an acre. He gets it cleared. The price runs up from \$1.50 to \$3 an acre for the land in its natural state to \$10 or \$15 an acre where it is clear. So that primarily, without any cost to himself, he gains the advantage of increasing the value of his purchase from \$1.50 and \$3 up to \$10 and \$15. That of itself is a magnificent investment. That is what has been done by the Americans who have gone in the other end of the island.

So that whatever advantage the man in Matanzas or Santa Clara gains from the fact that he has lands that have been heretofore used, and therefore gets a richer juice, is offset by three facts. One is the cheapness of the soil; the next is the clearing of it free of charge, and the next is the increased production of the cane itself. I have no doubt that while he does not get the same extracts on a ton of cane, he gets on an acre of land as much product as would be gotten in the provinces of Santa Clara or in Matanzas or in Habana.

Those are the main differences, and in my judgment, just as I have said twice before, I would rather produce sugar at \$1.60 in Cuba than at \$3.50 in Louisiana. Any cut in the present rate of duty under the Dingley law must inevitably result in no advantage to the Cuban planter, except the man who can make his own crop with his own money, and must absolutely, and to the extent of the cut, strike the local producer of sugar in this country. I say that for this reason:

In the first place, in so far as this 700,000 tons (to put it in round figures) is concerned, the laborer has been paid, the manufacturer has been paid, and the transportation has been paid; and it is now on the seaboard ready to be shipped. If it is sought to bring out the advantage to accrue to the laborer of the island, the proposition confronts Congress that it has two things to meet. One is that the laborer who produced this sugar has been paid already, and therefore the laborer will get no advantage.

No planter is going out to pay additional wages to his laborers after his crop has been gathered and harvested and is on the seaboard. The next is that the reduction can not affect the planter, except the man who owns his own sugar and has no mortgage on it, because the other fellow is liable to be foreclosed at any moment, and will be foreclosed,

in my judgment, just before the increased price comes. And that is where the sugar trust gets the advantage of this proposition. The banks that have advanced the money will foreclose on the sugar just as soon as it is certain that there is going to be a reduction. They will foreclose, and when a bank forecloses over there it must liquidate with the man who has advanced the amount in this country, as I believe, just as the planter must liquidate with the bank in Habana. When the liquidation comes, the percentage of profit from the crop must go to the manufacturer in this country. There is no escape from this position, in my judgment.

So far as future crops are concerned, the local industry is in the position that it must meet the present crop with its next crop. It can be held. There is no reason in the world why the American Sugar Refining Company should not draw from abroad everything that is necessary to supply the people of this country until next November, when the American producer commences to put his sugar on the market, and hold absolutely in the warehouses where they are, in Cuba, every pound of sugar that has been manufactured this year in Cuba, and then bring it here and put it in competition with the local manufacturer and drive down the price. There is no reason in the world why it should not be done; I can see how that can be done; and I have no doubt that any man placed in that position would use that power to drive down the price. So that the reduction, so far as this 700,000 tons is concerned, means that to the extent of the reduction the local producer must inevitably suffer in the price that he is going to get for his sugar this coming campaign. Both the Louisiana man and the beet man are in the same fix to-day.

That is my judgment—my careful judgment.

In so far as future crops are concerned the American sugar producer will find himself in this position, and so will the Cuban planter. The crop will come from Cuba before it comes from us, because they manufacture practically all the time except during the rainy season, which includes the present time. Possibly they will have a spell of dryness in July and August and may manufacture a little sugar then, and then after that from November. Their crop will commence first, and the trust will then say: "We will pay you the price of your sugar less this reduction. If you will not sell it, you can do as you did last year—store it up." When we put our sugar on the market they will say: "We will pay you the same price for your sugar that we paid last year, with the variation of the market included, less the percentage allowed to the Cubans; because if you will not sell it to us now you will have to later, and we will buy the Cuban sugar and use it." They will use one to whip the other. The Cuban planter will never get any advantage from this decrease of the duty, and the domestic sugar producer will be at a disadvantage to the extent of the reduction.

Those, stated in a crude way, are the conclusions I have drawn from my investigations in Cuba.

Senator TELLER. Did you make any investigation at all as to the American holdings down there?

Mr. BROUSSARD. Yes, sir; I did. I find that no Americans own any sugar there except—

Senator TELLER. I do not mean sugar. I mean whether they hold sugar lands to any extent or not.

Mr. BROUSSARD. There were quite a number of purchases some time ago. Recently, and up to the time of the inauguration of President Palma, there has been a sort of a lull in the purchase of property by Americans there. I myself am a believer in American investments there, because I believe there is a better opportunity in Cuba to-day to make money out of land investments than there is anywhere in the world.

Senator TELLER. I think you are right about that. I was down there two years ago, and that was my conclusion.

Mr. BROUSSARD. I do not think there is any doubt about that. I think any American could make money down there.

Senator TELLER. You can buy the best land in the world there for a dollar an acre.

Do you care about saying anything more, Mr. Broussard?

Mr. BROUSSARD. No, sir. I have given this in a very crude way.

Senator TELLER. You found the labor well employed down there?

Mr. BROUSSARD. Yes, sir. The trouble there is not the labor getting employment, but with the planter getting the labor. That is universal in the island.

Senator TELLER. Did you find any distress there?

Mr. BROUSSARD. No, sir; I did not. Not only did I not find any distress there, but I found the city of Habana in better condition than the great sugar city of this country, New Orleans. I find that no one cares to ride in a street car in Habana. I have seen a man in an undershirt riding in a carriage. I have seen men smoking cigars who have no shoes. Everybody rides in carriages down there.

There is every evidence of prosperity in Habana; and I know of no city in the United States where I have seen better evidences of prosperity and the expenditure of money on a grander scale than in Habana. Outside of Habana a great many people have very inferior clothing; but they care nothing about that. They would just as soon have none as to have some. I speak of the laboring class. The better class are nice dressers, and travel in the same manner as we do here.

The committee thereupon adjourned until Friday, May 30, 1902, at 10 o'clock, a. m.

---

SUBCOMMITTEE OF THE COMMITTEE  
ON RELATIONS WITH CUBA,  
UNITED STATES SENATE,  
*Washington, D. C., May 30, 1902.*

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

**TESTIMONY OF HON. R. F. BROUSSARD—Resumed.**

The CHAIRMAN. When did you go to Cuba, Mr. Broussard?

Mr. BROUSSARD. I went there about the 1st of May—the 1st of this month.

The CHAIRMAN. How long were you in Cuba?

Mr. BROUSSARD. I was there six days.

The CHAIRMAN. Where did you go in Cuba?

Mr. BROUSSARD. I went on the various plantations from Habana.

The farthest point that I went to was at Colon, a little town about 150 miles from Habana.

The CHAIRMAN. You did not go to Cienfuegos?

Mr. BROUSSARD. No, sir; I went there with a view of looking into——

The CHAIRMAN. No matter about the view just at the present time. How many plantations did you visit?

Mr. BROUSSARD. One particularly, in detail.

The CHAIRMAN. Which one?

Mr. BROUSSARD. Tinguara.

The CHAIRMAN. Where is that situated?

Mr. BROUSSARD. That is about 20 miles, I should judge, from Cardenas, and possibly 20 miles from Jovellanos.

The CHAIRMAN. Who carries on that plantation?

Mr. BROUSSARD. It is managed by Americans, friends of mine. It is owned by Americans, I understand.

The CHAIRMAN. Do you know their names?

Mr. BROUSSARD. Yes, sir.

The CHAIRMAN. Who are they?

Mr. BROUSSARD. Mr. Patten is the manager.

The CHAIRMAN. How much do they produce?

Mr. BROUSSARD. They made about 90,000 sacks, or something like 30,000,000 pounds.

The CHAIRMAN. Between 13,000 and 14,000 tons?

Mr. BROUSSARD. Yes, sir; 325 pounds to the sack.

The CHAIRMAN. You did not visit any other plantations?

Mr. BROUSSARD. I went through others, but I did not go into detail on other places as I did on this one. I went through a number of them particularly to look at the cultivation. I did not go into any other plant but that one plant to look into the manufacture.

The CHAIRMAN. Is that a new plant or an old one.

Mr. BROUSSARD. I should call it a new plant, though it is an old plant that has been fixed up and modernized. It has splendid machinery, and I consider it a first-class plant.

The CHAIRMAN. What other plantations did you visit, if you can remember the names?

Mr. BROUSSARD. No, sir; I can not recall the names. I rode over the country, both in cars and on horseback, looking to see if there was any difference in the method of cultivation between that place and other places that I saw.

The CHAIRMAN. How many days were you in Cuba?

Mr. BROUSSARD. I was there six days, most of the time on plantations.

The CHAIRMAN. In Cuba?

Mr. BROUSSARD. No; I was there more than six days. I was there eight days, as I recall it. I stayed a very short time in Habana. I went out in the country at once. I merely slept in Habana on my way out and on my way in.

The CHAIRMAN. Had you ever visited a sugar plantation in Cuba before?

Mr. BROUSSARD. No; that was my first trip to Cuba. I went through a place that I was told was Mr. Mendoza's—a very fine place near Jovellanos, but I do not know the name. They are all Spanish names, and it is difficult to remember them.



The CHAIRMAN. Is Mendoza the man who was before the House Committee?

Mr. BROUSSARD. I believe he was the gentleman. I was told by a gentleman it was his place.

The CHAIRMAN. Who was with you?

Mr. BROUSSARD. I had a brother of Senator Foster's with me. He is a practical sugar planter in Louisiana, and owns two or three plantations. Then, in going over the various places, I had sometimes an interpreter and usually a guide with me, most of the time a police officer from one of these plantations, but I did not see the necessity for that; and Mr. Patten at times rode along with me. I knew him when he managed Mr. Hawley's place at New Iberia, Morbihan.

Senator TELLER. That is in Louisiana?

Mr. BROUSSARD. Yes, sir; he has been managing Tinguara now, I think, for about three years.

The CHAIRMAN. I think you said you were a planter?

Mr. BROUSSARD. I said yesterday I was a planter, and I was a planter up to this year. This year we have turned our place into rice. The agitation of this question and the low price of sugar discouraged my brothers and myself in the business, and we turned the place into a rice plantation. We planted rice on the place.

Senator TELLER. This year?

Mr. BROUSSARD. This year; yes, sir. Last year we made cane on the place.

The CHAIRMAN. How long have you been in the sugar business?

Mr. BROUSSARD. We have all been planters for over a hundred years on this particular place. The place has been in the family for over one hundred years, I think.

The CHAIRMAN. You said yesterday, I think, that you thought the money which had been advanced to the sugar producers in Cuba, to enable them to carry their sugar, had come from the United States?

Mr. BROUSSARD. Yes, sir; I said that the money that had been advanced came from the money lenders there, principally the banks, and that from what information I could gather a great deal of it had been advanced in this country to the banks to carry the sugar.

The CHAIRMAN. Do you know of any instance in which persons in this country, corporate or otherwise, have advanced moneys to the banks there to enable them to carry the sugar planters?

Mr. BROUSSARD. I do not. I gathered that from conversation with people in Habana generally—people that I met there.

The CHAIRMAN. Did you go to any of the people who had lent money to ascertain whether it was true or not?

Mr. BROUSSARD. No, sir, I did not; and I do not suppose I would have been given the information if I had.

The CHAIRMAN. Do you think, Mr. Broussard, that with the meager information you had on that subject you can make a statement of that sort under oath which has any value before a committee?

Mr. BROUSSARD. I will say this, that it is the impression—and I said yesterday when I made the statement that it is pure hearsay—it is the impression in Habana that a good deal of money has been advanced from this country.

The CHAIRMAN. And yet no one told you of any single instance on which to base that conclusion?

Mr. BROUSSARD. Not any particular concern in this country, not any



particular bank; but the general statement was made, and I did not inquire particularly about it, because I could not very well have gotten information of an authentic character, and I merely stated yesterday that that was the impression in Habana and where I went in Cuba.

The CHAIRMAN. Who made any such statement to you?

Mr. BROUSSARD. I would rather not use the names of the parties who made the statement to me. I have considerable information that I would not make public, because it was given me in a confidential manner, and I have not touched upon those matters.

The CHAIRMAN. There are plenty of people in Habana who have money, are there not?

Mr. BROUSSARD. Yes, sir; I should think there are.

The CHAIRMAN. There are rich people there?

Mr. BROUSSARD. Very rich people, I am told. I only know that from hearsay, too; but I am told there are men who are very wealthy there. There seems to be a great deal of money in Habana.

The CHAIRMAN. You were reported in the newspapers as having said that 99 per cent of the benefit of any reduction which Congress might make in the duties would go to the American Sugar Refining Company. Did you say that?

Mr. BROUSSARD. Not exactly that way. I saw the statement in the paper this morning. I said that in my opinion practically the entire reduction would go to the American refiner, and I say that now and believe it. I said that the largest proportion of that sugar would be manufactured by the American Sugar Refining Company.

The CHAIRMAN. Would be what?

Mr. BROUSSARD. Manufactured in this country by the American Sugar Refining Company; and I believe it would get practically every cent of the reduction if made.

The CHAIRMAN. Upon what do you base that opinion?

Mr. BROUSSARD. I base it upon this fact, that the price of sugar in New Orleans is the price at New York less three-sixteenths of a cent a pound, which is supposed to represent the freight rate from New Orleans to New York; and yet the sugar that we make in Louisiana that is to be refined, of a quality like the Cuban sugar, is not shipped to New York at all, but is refined in New Orleans, either by the Henderson Refining Company, which is supposed to be an independent company, or the American Sugar Refining Company refinery, and distributed from that point. Now, we have never been able to get around the payment of this tribute to the refiner.

He just simply pockets it; and I believe that if a reduction were made upon the rates fixed in the law, the difference between the Cuban sugar and other tropical sugars that come here to be refined, the refiner will be able to do the same thing with them that he does with us; that he will use our sugars to compel the price down to the extent of the reduction on their sugars and use the reduction of the price in Cuba to compel the price to the American producer. That is the way I reason this thing out, and I can not see that there is any mistake in the reasoning.

The CHAIRMAN. Let us go back to that proposition a little. There is three-sixteenths of a cent a pound——

Mr. BROUSSARD. I believe that is the difference.

The CHAIRMAN. Difference between the price of sugar in New Orleans and in New York?

Mr. BROUSSARD. Yes.

The CHAIRMAN. Which is supposed to represent the freight rate from New Orleans to New York?

Mr. BROUSSARD. Yes, sir. That is the way the matter is figured out at the sugar exchange in New Orleans.

The CHAIRMAN. So the Louisiana sugar is refined in New Orleans mostly?

Mr. BROUSSARD. Mostly. I do not know of any that goes out of New Orleans. I weighed sugar in New Orleans when I was a United States weigher. I was especially assigned to weigh sugar that came along in the Morgan Steamship Line—part of the Southern Pacific Railroad system, ships that run from New Orleans to Habana. I suppose I weighed sugar there for three years, Cuban sugar, and all of it was transferred to this particular refinery. I do not know of any raw sugar that goes out of New Orleans once it gets into New Orleans, whether it is the Louisiana or the tropical sugar—Cuban sugar.

The CHAIRMAN. Louisiana sugar is all refined there, all that is refined, I understand you to say. How does the sugar producer lose anything by that arrangement? He gets just as much for the sugar in New Orleans as he could get in New York, less the freight, does he not?

Mr. BROUSSARD. Yes, sir.

The CHAIRMAN. And where is the sugar that is refined in New Orleans distributed? Where is it sold?

Mr. BROUSSARD. It is distributed from the wholesale houses at that point.

The CHAIRMAN. To what points?

Mr. BROUSSARD. Local consumption along the Gulf coast, I understand. I could not say positively.

The CHAIRMAN. So that it would be a positive disadvantage to the refiner to take it to New York to refine and ship it back to those points, would it not?

Mr. BROUSSARD. Certainly it would.

The CHAIRMAN. That is the reason for the refining of it in New Orleans, is it not?

Mr. BROUSSARD. I presume it is. They bought this refinery from Mr. Gay, who was my predecessor in Congress.

The CHAIRMAN. Why do you say you are paying any tribute on Louisiana sugar to the refiners?

Mr. BROUSSARD. Well, they get the difference of three-sixteenths when they sell their refined sugar. The price of refined sugar in New Orleans is the price of refined sugar in New York, as I understand it.

The CHAIRMAN. They could not refine, however, the bulk of their sugar there and get those advantages, could they?

Mr. BROUSSARD. Do you mean in New Orleans or New York?

The CHAIRMAN. In New Orleans.

Mr. BROUSSARD. I did not quite catch the question.

The CHAIRMAN. They only refine there what will supply the points at which freight rates are less than from New York; that is all they refine there, is it not?

Mr. BROUSSARD. Yes, sir.

The CHAIRMAN. Yesterday you said something about a 75-per-cent sugar which I do not remember. What was it?

Mr. BROUSSARD. I said they made their sugar—

The CHAIRMAN. A 75-degree sugar?

Mr. BROUSSARD. Seventy-five and one-half degrees. Well, that is the polariscopic test.

The CHAIRMAN. Of what kind of sugars?

Mr. BROUSSARD. Of any kind of sugar. Seventy-five degrees is the test upon which——

The CHAIRMAN. Is that the same as 96 centrifugal?

Mr. BROUSSARD. I could not say whether it is the same. They make their sugar at such a grade as to bring it here below the standard of color fixed in the tariff law.

The CHAIRMAN. But we have been told in all this testimony, and I have never heard it disputed, that Cuban sugars are known as 96 centrifugal. I have heard nothing about this 75½ centrifugal. I wish you would explain what the difference is between 96 centrifugal and the 75½-degree sugar which you speak of.

Mr. BROUSSARD. Well, they make their sugars with the polariscopic test, because the rate of duty is predicated upon the polariscopic test. I do not know whether it is necessary for me to give it. The Dingley law fixes the rate at ninety-five one-hundredths for 75 sugars and an increase of thirty-five one-thousandths for each additional degree of purity under the polariscope. After the sugar gets to a certain color then it is considered above the 16 Dutch standard, or considered a sugar that has gone through some process of refining, and the aim of the Cuban planter, as I saw them making sugar in the sugar house where I was, was to get a grade of sugar that would not have to pay the rate of duty, or not have to pay the differential between the raw and the refined sugar. Therefore they make a grade of sugar which possibly is 96 centrifugal.

The CHAIRMAN. Right there, is any sugar made in Cuba subject to the differential, as it is called?

Mr. BROUSSARD. I saw some sugar in Habana that I believe was the finest refined sugar I ever saw in my life. Whether it was made for exportation or not I do not know. I judge it was made for local consumption, because I think the differential would exclude the idea of making money out of refining sugar in Cuba and bringing it to this country to sell in competition with American manufactured sugar. I saw several kinds of sugar, because there was a fight on between local sellers of sugar in Habana.

Senator TELLER. Now?

Mr. BROUSSARD. There was when I was there.

The CHAIRMAN. I am speaking particularly of the raw sugars.

Mr. BROUSSARD. You asked me if they refined any for exportation. I do not know.

The CHAIRMAN. No; I did not ask you that. I asked if the raw sugar of Cuba can in any way be subject to the differential.

Mr. BROUSSARD. If the raw sugar can be?

The CHAIRMAN. If it is.

Mr. BROUSSARD. I do not know whether it is. I should judge it can be.

The CHAIRMAN. It is only refined sugars on which the differential duty is imposed, is it not?

Mr. BROUSSARD. No; not exactly. The law recites that there are two ways——

The CHAIRMAN. Do I understand you to say that your observation

of making sugar in Cuba leads you to the conclusion that they make generally 75½ degrees sugar, which is sent to the United States?

Mr. BROUSSARD. I should not have said 75½. I should have said 95½.

The CHAIRMAN. There is a good deal of difference between 75 and 95.

Mr. BROUSSARD. I meant 95½.

The CHAIRMAN. You think that very little labor is employed directly by the people who produce the sugar, I understood you to say?

Mr. BROUSSARD. Yes, sir.

The CHAIRMAN. That a very large proportion of the sugar is produced by what in English are called colonists.

Mr. BROUSSARD. Yes, sir.

The CHAIRMAN. When do they get their pay for the cane which they raise and deliver to the mills?

Mr. BROUSSARD. When they bring their cane to the mill they get from the weigher a certificate of the quantity of cane they have hauled, either by the cartload or the carload. That certificate represents 4 or 5 or 6 pounds of sugar for every 100 pounds of cane delivered. The sugar is manufactured at once, put in cars and sent to wherever the warehouse of the particular refinery is. I did not see them separate the sugar that belongs to the tenant or colono, but I was informed it was universally bought by the man who owned the place, the planter, and he was paid then and there, unless he had an account.

The CHAIRMAN. When is the settlement made with him? Is not the settlement made with him on the price which the sugar is finally sold for?

Mr. BROUSSARD. Yes; the settlement is made on the price which the sugar is usually sold for. I can not say just exactly. Different plantations may have different times of settling.

The CHAIRMAN. They do not pay him cash, full value, for his cane when he brings it?

Mr. BROUSSARD. They do not buy the cane, they exchange the cane.

The CHAIRMAN. They give him a certificate?

Mr. BROUSSARD. A sugar certificate.

The CHAIRMAN. A sugar certificate that he is entitled to be paid for so many pounds of sugar?

Mr. BROUSSARD. Yes, sir.

The CHAIRMAN. Now, if the planter gets the benefit of any reduction in the duty, the colonist has to get it, according to his certificate, has he not?

Mr. BROUSSARD. Well, if the colono would allow his account to run on for last year——

The CHAIRMAN. No. Just get my idea. He is to be finally settled with according to the price that sugar brings or sells for, is he not?

Mr. BROUSSARD. Yes, sir.

The CHAIRMAN. Then, if the man who sells the sugar, that is to say, the planter, the producer gets the benefit of any reduction, the colono will get it, will he not?

Mr. BROUSSARD. If he still has an interest in that sugar, if he has not been settled with at the market rate at the time the sugar campaign is over. I do not know whether the colono carries his own sugar right along with the planter, or his proportion. Unless I knew that, I could not answer the question.

The CHAIRMAN. I believe that is all, Mr. Broussard.

Senator TELLER. You say you saw some fine sugar there? Where did you see that?

Mr. BROUSSARD. I saw that in the establishment of Mr. Morrill. It is on Cuba street, in Habana. He brought me to look at samples of sugar. He had quite a number of grades of sugar there. He had some sugar finer than I have ever seen anywhere else.

Senator TELLER. Was that refined sugar?

Mr. BROUSSARD. Yes, sir; all the samples of sugar I saw there were refined sugar.

Senator TELLER. Did you understand it was made in Cuba?

Mr. BROUSSARD. I know it was made in Cuba, both from the marking and the statement that was made to me. I think that sugar was made at Cardenas. My impression is that it was for local consumption. I know Mr. Morrill called my attention to an advertisement in a local paper as to a war going on between the men who were handling sugar for local consumption, and brought me to see the samples of sugar they had.

Senator TELLER. Is there any material difference between the Cuban sugar and the Louisiana sugar?

Mr. BROUSSARD. There is some difference in the smell of the raw sugar. It has not a sweet smell; the Louisiana sugar has. There is a rather peculiar odor about it. In the refined sugar there is no difference.

Senator TELLER. That is, the Cuban raw sugar has a different perfume from that of the sugar in Louisiana?

Mr. BROUSSARD. Yes, sir; and when you go into a sugarhouse in Cuba and one in Louisiana there is a vast difference. There is a sort of sickly smell about the Cuban factory, though the one I saw was absolutely clean. There was a smell that was not altogether agreeable. In the sugar factory in Louisiana there is a very pleasant odor which permeates the air everywhere.

(The witness was excused.)

### TESTIMONY OF VICTOR S. CLARK.

VICTOR S. CLARK, having been sworn by the chairman, testified as follows:

Senator TELLER. What is your business, Mr. Clark?

Mr. CLARK. Just at present I am completing some investigations for the Bureau of Labor, in connection with labor conditions in Cuba.

Senator TELLER. How long have you been connected with that?

Mr. CLARK. This present report—of course this is a special appointment—has occupied me since January.

Senator TELLER. What were you doing before that?

Mr. CLARK. I have been mostly engaged in educational work.

Senator TELLER. You hold now a special appointment. Have you been to Cuba?

Mr. CLARK. I have.

Senator TELLER. When did you go there?

Mr. CLARK. In January of this year.

Senator TELLER. How long did you remain there?

Mr. CLARK. About twelve weeks.

Senator TELLER. Three months?



Mr. CLARK. Three months; yes, sir.

Senator TELLER. Did you go in January?

Mr. CLARK. Yes, sir.

Senator TELLER. Where did you go in Cuba?

Mr. CLARK. During the present trip——

Senator TELLER. Have you been there before?

Mr. CLARK. I was in Santiago Province three years ago, for a short time.

Senator TELLER. Then you were in the newspaper business, were you?

Mr. CLARK. Well, I was returning from Porto Rico. I was superintendent of schools under the military governor, and I stopped in Santiago. I was in all of the provinces except Santiago this trip.

Senator TELLER. And you were two years ago in Santiago?

Mr. CLARK. In Santiago; yes, sir.

Senator TELLER. So you have been in all of the provinces?

Mr. CLARK. All of the provinces; but I have only been in the western part of Porto Principe, along the line of the Cuban Central Railway.

Senator TELLER. What were you doing there?

Mr. CLARK. Investigating labor conditions.

Senator TELLER. Explain what you mean by investigating labor conditions. What particular inquiry were you making?

Mr. CLARK. Into wages, hours of work, the cost and standard of living, labor organizations, cooperative societies, and to some extent into the history of wages and practice.

Senator TELLER. Now, state what you found.

Mr. BROUSSARD. With reference to what?

Senator TELLER. With reference to labor.

The CHAIRMAN. I do not see that this has any bearing on the subject under inquiry.

Senator TELLER. Very well, I will take that as an objection and let the question stand, but I will go on with something else.

In the course of your examination of the labor question, did you go onto the plantations?

Mr. CLARK. Yes, sir; to some extent.

Senator TELLER. What can you say about the holdings of Americans down there? What do you know about it? What plantations do you know that are held by Americans?

Mr. CLARK. The definite information that I have with reference to American holdings comes chiefly from official reports and documents that have been published here in Washington. My investigations, of course, were not into that subject, and I only obtained a little information incidentally.

Senator TELLER. Give us what you got incidentally, and then I will ask you what you acquired from official reports. First, I would like to have what you found down there yourself, so far as you can state it.

Mr. CLARK. Well, I spent some time—that is, pretty nearly a day, altogether, on the Constancia plantation, which is under American control.

Senator TELLER. Can you give the names of the owners?

Mr. CLARK. No, sir; I can not.

Senator TELLER. We have that, though, I think.

Mr. CLARK. I have no definite information to that effect. I supposed the plantations under the control of the United Refineries



Company were owned by Americans, or else that Americans had an interest in them.

Senator TELLER. That is another one.

Mr. CLARK. I believe the United Refineries Company has seven establishments, but not all of them manufacturing establishments. Some of them refine sugar. They control the Providencia plantation near Guines, I believe, but I do not know that to be a fact. I simply infer it from conversation with people connected with the company.

Senator TELLER. Did you talk with people on the plantation about it?

Mr. CLARK. I talked with workingmen from the plantations.

Senator TELLER. I think that is information, if you give the source of your information.

Mr. CLARK. I do not recall the name of the plantation, but I knew that American capital was going in near Manzanillo near the river Cauto; that is, from conversations with workingmen from that vicinity. I do not know about the ownership, but I think the management of the plantation on the Tuinico River is in the hands of Englishmen or Americans—English-speaking people. In talking with workingmen they would frequently say that a plantation is run or owned by an “Americano,” simply. They confuse any English-speaking manager with Americans.

Senator TELLER. Just state what you can recall as to how many of those plantations you found.

Mr. CLARK. How many I found?

Senator TELLER. Yes; how many did you find that were represented to you in that way to be the property of Americans?

Mr. CLARK. In one way or another I have had information, I should say, as to thirty or forty pieces of property. That was not all obtained in Cuba. Some of it was obtained from literature consulted here.

Senator TELLER. Was this information derived in the course of your investigations of this question of labor?

Mr. CLARK. Yes, sir.

Senator TELLER. And derived either from your personal observation there or your examination of the official reports and documents?

Mr. CLARK. Yes, sir.

Senator TELLER. Can you give me a list of those?

Mr. CLARK. No, sir; I could not. My report has been rendered, and most of my material has just been handed in.

Senator TELLER. Does your report show that?

Mr. CLARK. No, sir.

Senator TELLER. Would your report show what number of plantations are owned by Americans down there?

Mr. CLARK. No, sir; that would not be germane to the subject of the report. It is simply information obtained incidentally.

Senator TELLER. Could you furnish the committee with a list of those things? I do not mean at this moment.

Mr. CLARK. I think so. One of the sources of information that I have—it is not a source of accurate information as to ownership—is the report of Mr. W. H. Carlson on the railways of Cuba, in which there is a list of the plantation railways, and the owners and managers are sometimes given. That was made in the year 1900. By consulting that I think a list could be formed that would cover nearly all the plantations I know of.

The CHAIRMAN. What is the United Refineries Company, as I understood you to call it?

Mr. CLARK. I understand it is an association of formerly independent companies, something analogous, perhaps, to combinations in the United States, only it is a small one, and they own both refineries and plantations. That is, I presume, though I can not say that I have definite information to that effect, that they simply manufacture the refined sugars or marketable sugars directly in the centrifugals.

Senator TELLER. This is in Cuba you refer to?

Mr. CLARK. Yes, sir.

Senator TELLER. Do you think they manufacture refined sugar in centrifugals in Cuba?

Mr. CLARK. I think it would be possible to do so without any separate process.

The CHAIRMAN. Do you think they do?

Mr. CLARK. I believe they do at Providencia, though I am not a sugar expert, and I do not know.

The CHAIRMAN. Do you know what plantations and refineries the United Refineries Company owns and operates?

Mr. CLARK. I have had a list in my possession. I speak from memory. I think there are seven. There is one at Cardenas, and the Providencia plantation, and one, I believe, at Matanzas, which I think I visited. I can not recall at present the others.

The CHAIRMAN. You think this United Refineries Company is a corporation, do you?

Mr. CLARK. I believe so.

The CHAIRMAN. Do you know where it is organized?

Mr. CLARK. No, sir.

The CHAIRMAN. Do you know who are managing it?

Mr. CLARK. I met either the manager of the association or of one of the refineries in Habana. He was an American.

The CHAIRMAN. What is his name?

Mr. CLARK. I do not remember the initials. I believe it is Canfield.

The CHAIRMAN. Do you know that there is any American connected with the Providencia plantation at all?

Mr. CLARK. As I say, I simply was directed to the company's office in Habana by somebody who told me that it was an American company. I do not remember who my informant was. I went there simply to make inquiries with reference to wages.

The CHAIRMAN. You do not know very much about it personally?

Mr. CLARK. No, sir.

Senator TELLER. You were employed by the Labor Bureau?

Mr. CLARK. I was there to prepare a certain report for that; yes, sir.

Senator TELLER. For Colonel Wright?

Mr. CLARK. For Colonel Wright.

The CHAIRMAN. I understand your report has not yet been printed?

Mr. CLARK. It will appear in the July bulletin.

(The witness was excused.)

The CHAIRMAN. I will put into the record at this point some information that was requested of witnesses who have appeared before the committee and called for from the departments.

The committee thereupon adjourned, subject to notice.

SENATE OF THE UNITED STATES,  
COMMITTEE ON RELATIONS WITH CUBA,  
*Washington, D. C., May 6, 1902.*

SIR: Please furnish the Committee on Relations with Cuba with a statement of all Cuban sugars imported into the United States since the 1st of October, 1901. If your returns do not come up to date, please get the same by telegraph from collectors of customs at different ports where Cuban sugars are imported. I suppose that Boston, New York, Philadelphia, and New Orleans are the only ports where Cuban sugars are landed, but you will know about this. If sugars have been entered into our ports for transit to Canada or other ports, specify that also.

Respectfully,

O. H. PLATT,  
*Chairman.*

Hon. O. P. AUSTIN,  
*Chief Bureau of Statistics.*

TREASURY DEPARTMENT, BUREAU OF STATISTICS,  
*Washington, May 7, 1902.*

SIR: In response to your favor of the 6th instant I inclose to you herewith a table showing, according to the returns of collectors of customs, the imports of sugar into the United States, by months, from October, 1901, to April, 1902, inclusive.

The returns received from collectors of customs of in-transit goods show only the aggregate value. I have telegraphed to the ports for this information if it can be given. It may take several days, however, to procure this, as it will probably be necessary for them to consult the entries. However, it will be forwarded to you as soon as received.

I have just learned from the Insular Division of the War Department that no sugar has been exported from the island of Cuba declared by the exporters as destined for Canada during the period from October 1, 1901, to March 31, 1902. If the true destination is declared, and not the immediate destination in the United States, this should supply the information which you desire. However, I will advise you of the result of the telegrams in regard to in-transit entries above indicated.

Very respectfully,

J. N. WHITNEY,  
*Acting Chief of Bureau.*

Hon. O. H. PLATT,  
*United States Senate, Washington, D. C.*

*Cane sugar, not above No. 16 Dutch standard in color, imported from Cuba into the United States from October 1, 1901, to April 30, 1902.*

Month.	Pounds.	Dollars.
1901.		
October .....	41,392,985	782,978
November .....	42,597,910	761,162
December.....	43,663,691	822,705
1902.		
January .....	26,523,070	460,751
February .....	49,167,550	894,243
March .....	111,499,381	1,996,814
April.....	153,135,764	2,720,287
Total 7 months .....	467,980,351	8,438,940

J. N. WHITNEY,  
*Acting Chief of Bureau.*

TREASURY DEPARTMENT, BUREAU OF STATISTICS,  
*May —, 1902.*

CUBAN SUGAR SALES.

TREASURY DEPARTMENT, BUREAU OF STATISTICS,  
Washington, May 17, 1902.

SIR: In further response to your inquiry of the 6th instant I have to inform you that, after communication with the collector of customs at New York, Portland, Me., Boston, Philadelphia, Baltimore, Newport News, and New Orleans, I have ascertained that the sugar brought from Cuba and entered at those ports for transit to Canada from October 1, 1901, to April 30, 1902, was 54,178,409 pounds; value, \$1,641,851.

This sugar, as I informed you in my previous letter, does not enter into our import or export returns and is additional to that which was given you in my communication of May 13 as to imports into the United States from Cuba.

Very respectfully,

J. N. WHITNEY,  
Acting Chief of Bureau.

Hon. O. H. PLATT,  
United States Senate, Washington, D. C.

NEW YORK, May 7, 1902.

SIR: I have the honor to transmit herewith the information desired by the committee as to the purchase of Cuban sugars by the American Sugar Refining Company since April 26.

Yours, respectfully,

HENRY C. MOTT.

Hon. ORVILLE H. PLATT,  
Chairman Committee on Relations with Cuba,  
United States Senate, Washington, D. C.

Cuban sugars purchased from April 27 to May 6, 1902.

Where bought.	Bags.	Tons.
New York (shipped or in process of shipment) .....	59, 227	8, 460
Cuba.....	74, 800	10, 685

NEW YORK, May 15, 1902.

SIR: I beg to inclose herewith the information desired of Mr. Havemeyer, and remain,

Respectfully, yours,

HENRY C. MOTT.

Hon. ORVILLE H. PLATT,  
Chairman Committee on Relations with Cuba,  
United States Senate, Washington, D. C.

Used during year 1901.	Tons.
Beet sugar.....	200, 887
Cuban sugar.....	290, 551
Of which was bought in Cuba.....	175, 478

WAR DEPARTMENT, OFFICE OF THE SECRETARY,  
DIVISION OF INSULAR AFFAIRS,  
Washington, May 15, 1902.

SIR: I have the honor to acknowledge receipt, by reference from the Treasury Department, of your letter of May 12, 1902, addressed to Chief Bureau of Statistics, requesting a statement showing the number of Spanish immigrants who have landed in Cuba since the census of 1890.

In reply thereto you are advised that no record of the immigration into Cuba was compiled by this Department until the period beginning with July, 1900.

From July 1, 1900, to December 31, 1900, there were 13,281 Spanish immigrants, and during the calendar year 1901 17,330 Spanish immigrants landed in Cuba.

I hand you herewith Summary No. 6, Commerce of Cuba, showing the Cuban immigration statistics for the calendar year 1901, complete. See pages 537-539.

Very respectfully,

CHARLES E. MAGOON,  
Acting Chief of Division.

Hon. O. H. PLATT,  
Chairman Committee on Relations with Cuba,  
United States Senate.

*Report of immigration, island of Cuba, for the year ending December 31, 1901.*

	Male.	Female.	Total.	Under 14 to 44	45 and over	Married	Single.	Married or single
American .....	514	136	650	49	524	77	256	470
Arabian .....	19	12	31	5	23	3	15	22
Bohemian and Moravian .....	15	2	17	2	14	1	7	14
Bulgarian, Servian, and Montenegrin .....	1	.....	1	.....	1	.....	1	1
Canadian .....	19	3	22	.....	21	1	17	17
Central American .....	2	1	3	1	2	.....	3	1
Chinese .....	756	.....	756	22	699	35	283	741
Costa Rican .....	1	.....	1	.....	1	.....	1	1
Cuban .....	849	260	609	152	421	36	199	264
Dalmatian, Bosnian, and Herzegovinian .....	10	1	11	.....	11	.....	7	10
Dominican .....	13	3	16	.....	16	.....	10	13
Dutch and Flemish .....	14	8	22	1	18	3	8	12
East Indian .....	8	.....	8	1	7	.....	6	7
English .....	416	143	559	44	474	41	241	417
Finnish .....	1	.....	1	.....	1	.....	1	1
French .....	173	91	264	23	215	21	100	154
German .....	124	21	145	3	131	11	61	114
Greek .....	5	.....	5	.....	4	1	5	5
Guatemalan .....	3	.....	3	.....	3	.....	2	3
Haitian .....	16	11	27	9	18	.....	10	17
Italian (North) .....	304	67	371	21	314	36	161	324
Italian (South) .....	3	1	4	1	3	.....	4	9
Jamaican .....	99	87	186	16	119	1	39	105
Japanese .....	2	1	3	.....	3	.....	2	3
Korean .....	1	.....	1	.....	1	.....	1	1
Luxemburger .....	1	.....	1	.....	1	.....	1	1
Magyar .....	1	.....	1	.....	1	.....	1	1
Mexican .....	177	79	256	34	190	32	107	173
Pacific Islander .....	5	1	6	.....	6	.....	4	4
Polish .....	2	.....	2	.....	2	.....	2	2
Porto Rican .....	725	56	781	87	736	8	97	702
Portuguese .....	10	.....	10	1	9	1	3	10
Roumanian .....	1	.....	1	.....	1	.....	1	1
Russian .....	3	.....	3	.....	2	1	1	1
Scandinavian (Norwegians, Danes, and Swedes) .....	31	14	45	9	35	1	13	27
Scottish .....	3	.....	3	.....	3	.....	1	3
South American .....	133	29	162	11	135	16	87	123
Spanish .....	14,808	2,522	17,330	3,190	13,021	1,119	4,683	14,045
Swiss .....	14	3	17	.....	16	1	6	11
Syrian .....	202	93	295	63	213	14	133	180
Turkish .....	69	36	105	19	79	7	42	65
Other West Indian .....	114	52	166	23	137	1	90	109
Not specified .....	29	10	39	4	33	2	14	26
Grand total .....	19,201	3,698	22,899	3,756	17,067	1,471	6,908	18,209

CUBAN SUGAR SALES.

Race or people.	Last residence.		Passage paid—		Illiteracy, 14 years and over.		Immigrants bringing—		Having been in Cuba before.
	Native country.	Other country.	By immigrant.	By other.	Can read but can not write.	Can neither read nor write.	\$30 or over.	Less than \$30.	
American .....	530	120	620	30	14	24	478	172	124
Arabian .....		81	28	5		25	15	16	3
Bohemian and Moravian .....		17	17				17		4
Bulgarian, Servian, and Montenegrin .....		1	1				1		1
Canadian .....		22	21	1			22		2
Central American .....		3	2	1	1	1	3		
Chinese .....	652	104	755	1		64	234	522	74
Costa Rican .....		1	1				1		
Cuban .....		609	486	123	10	88	407	202	577
Dalmatian, Bosnian, and Herzegovinian .....		11	11				9	2	
Dominican .....	11	5	16				16		
Dutch and Flemish .....		22	21	1			20	2	11
East Indian .....		8	8			3	8		1
English .....	282	297	520	39	26	47	493	66	97
Finnish .....		1	1				1		
French .....	57	207	236	28	5	16	214	50	96
German .....	4	141	144	1			135	10	45
Greek .....		5	5				5		1
Guatemalan .....	1	2	3				3	6	1
Haitian .....	17	10	25	2	7	11	21	176	6
Italian (North) .....	40	331	355	16	5	63	195	4	69
Italian (South) .....		9	8	1		3	5	22	8
Jamaican .....	106	30	128	8	35	11	114		20
Japanese .....		3	3				3		
Korean .....		1	1				1		
Luxemburger .....		1	1				1		
Magyar .....		1	1				1		1
Mexican .....	209	47	238	18	1	28	216	40	108
Pacific Islander .....		6	6			2	6		3
Polish .....		2	2				2		
Porto Rican .....	714	67	131	650	6	277	730	51	45
Portuguese .....		10	10		1	1	8	2	2
Roumanian .....		1	1				1		
Russian .....		3	3				3		1
Scandinavian (Norwegians, Danes, and Swedes) .....	3	42	37	8		8	30	15	8
Scotch .....	2	1	1	2			3		
South American .....	74	88	149	13	6	28	132	30	32
Spanish .....	14,772	2,558	16,365	965	112	6,363	6,389	10,941	5,577
Swiss .....		17	17				17		2
Syrian .....	24	271	243	52	1	123	172	123	21
Turkish .....		105	100	5		55	53	52	15
Other West Indian .....	139	27	124	42	8	32	142	24	53
Not specified .....	16	23	39			3	39		12
Grand total .....	17,633	5,261	20,882	2,012	238	7,276	10,366	12,528	7,032



*Number of immigrants arrived in the island of Cuba during the year ending December 31, 1901, showing races and occupations.*

Occupations.	American.	Arabian.	Bohemian and Moravian.	Bulgarian, Servian, and Montenegrin.	Canadian.	Central American.	Chinese.	Costa Rican.	Cuban.	Dalmatian, Bosnian, and Herzegovinian.	Dutch and Flemish.	Dominican.	East Indian.	English.
Actors.....	1	....	3	....	....	....	1	....	3	....	....	....	....	1
Clergy.....	7	....	....	....	....	....	....	....	2	....	1	....	....	3
Editors.....	....	....	....	....	....	....	....	....	2	....	....	....	....	....
Engineers.....	43	....	....	....	6	....	....	....	5	....	1	....	....	35
Lawyers.....	3	....	....	....	1	....	....	....	2	....	....	....	....	1
Physicians.....	5	....	....	....	1	....	1	....	9	....	....	....	....	3
Sculptors and artists.....	1	....	....	....	....	....	....	....	....	....	....	....	....	1
Teachers.....	4	....	....	....	2	....	....	....	7	....	....	....	....	3
Not specified.....	4	....	....	....	1	....	....	....	30	....	....	....	1	7
Total professional.....	68	....	3	....	11	....	1	....	60	....	2	....	1	54
Bakers.....	2	....	....	....	....	....	....	....	8	1	....	....	....	5
Barbers and hairdressers.....	2	....	....	....	....	....	....	....	1	....	....	....	....	....
Blacksmiths.....	5	....	....	....	....	....	....	....	....	....	....	....	....	11
Brewers.....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Butchers.....	1	....	....	....	....	....	....	....	....	....	....	....	....	1
Carpenters and joiners.....	22	....	....	....	....	....	....	....	5	....	....	....	....	42
Clerks and accountants.....	47	....	....	....	1	....	5	....	11	1	1	....	1	19
Engravers.....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Gardeners.....	5	....	....	....	....	....	....	....	....	....	....	....	....	....
Ironworkers.....	1	....	....	....	....	....	....	....	....	....	....	....	....	1
Jewelers.....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Locksmiths.....	....	....	....	....	....	....	....	....	....	....	....	....	....	2
Machinists.....	16	....	1	....	....	....	....	....	1	....	....	....	....	6
Mariners.....	1	....	....	....	....	....	....	....	3	....	....	....	1	10
Masons.....	6	....	....	....	....	....	....	....	....	....	....	....	....	16
Mechanics not specified.....	17	....	....	1	....	....	....	....	1	....	1	....	....	8
Miners.....	3	....	1	....	....	....	....	....	....	....	....	....	....	2
Painters and glaziers.....	1	....	....	....	....	....	....	....	....	....	....	....	....	1
Plasterers.....	1	....	....	....	....	....	....	....	....	....	....	....	....	....
Plumbers.....	1	....	....	....	....	....	....	....	....	....	....	....	....	1
Printers.....	2	....	....	....	....	....	....	....	3	....	....	....	....	2
Saddlers and harness makers.....	....	....	....	....	....	....	....	....	....	....	....	....	....	1
Seamstresses and dressmakers.....	....	....	....	....	....	....	....	....	1	....	....	....	....	12
Shipwrights.....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Shoemakers.....	1	....	1	....	....	....	....	....	....	....	....	1	....	2
Stonecutters.....	....	....	1	....	....	....	....	....	....	....	....	....	....	....
Tailors.....	....	....	....	....	....	....	....	....	4	....	....	....	....	12
Tanners and curriers.....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Tinners.....	....	....	....	....	....	....	....	....	1	....	....	....	....	....
Tobacco manufacturers.....	3	....	....	....	....	....	....	....	47	....	....	....	....	....
Watch and clock makers.....	....	....	....	....	....	....	....	....	1	1	....	....	....	1
Wheelwrights.....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Not specified.....	21	....	....	....	....	....	7	....	18	....	....	1	2	24
Total skilled.....	158	....	3	1	1	....	12	....	105	3	2	2	4	179
Agents' factors.....	....	....	....	....	....	....	....	....	....	....	1	....	....	4
Bankers.....	....	....	....	....	....	....	....	....	....	....	....	....	....	1
Farmers.....	131	....	....	....	....	....	10	....	4	....	....	1	....	23
Farm laborers.....	13	....	....	....	....	....	....	....	....	....	....	....	....	5
Hotel keepers.....	1	....	....	....	....	....	....	....	....	....	....	....	....	....
Laborers.....	49	12	1	....	....	....	398	1	17	....	....	8	....	48
Merchant dealers and grocers.....	49	10	7	....	5	1	320	....	48	7	7	7	2	67
Personal and domestic servants.....	7	....	....	....	....	....	....	....	3	....	....	....	....	41
Not stated.....	6	....	....	....	....	....	....	....	8	....	....	....	....	5
Total miscellaneous.....	256	22	8	....	5	1	728	1	80	7	8	11	2	194
No occupation, including women and children.....	168	9	3	....	5	2	15	....	364	1	10	3	1	132
Grand total.....	650	31	17	1	22	3	756	1	609	11	22	16	8	559

*Number of immigrants arrived in the island of Cuba during the year ending December 31, 1901, showing races and occupations—Continued.*

Occupations.	Finnish.	French.	German.	Greek.	Guatemalan.	Haitian.	Italian (north).	Italian (south).	Japanese.	Jamaican.	Korean.	Luxemburger.	Magyar.	Mexican.	Other West Indian	Pacific islanders
Actors .....		2	3				72							4		
Clergy .....		2														
Editors .....		2														
Engineers .....		8	6				8	1		3				3	3	
Lawyers .....														6	1	
Physicians .....		3	2							1				3		
Sculptors and artists .....		1	2				1							2		
Teachers .....			1						1	1					1	
Not specified .....	1	8	1				2			4				4		
Total professional .....	1	26	15				83	1	1	9				22	5	
Bakers .....							1			2						
Barbers and hairdressers .....							1									
Blacksmiths .....		2	1												3	
Brewers .....																
Butchers .....		1	4													
Carpenters and joiners .....		6				2	1			11				2	11	
Clerks and accountants .....		6	8	2	1		19		1	6				8	3	
Engravers .....																
Gardeners .....		1														
Ironworkers .....		2					1									
Jewelers .....			1				1									
Locksmiths .....																
Machinists .....		1	2				2							2		
Mariners .....			2				7							2		
Masons .....		1					17			3					3	
Mechanics not specified .....		5	3							4				5	1	
Miners .....			1				1									
Painters and glaziers .....										1				2		
Plasterers .....			1													
Plumbers .....										1						
Printers .....														2	1	
Saddlers and harness makers .....		1	4												1	
Seamstresses and dressmakers .....		3								7					2	
Shipwrights .....										1						
Shoemakers .....							2									
Stonecutters .....																
Tailors .....			2			2	3			2				3	1	
Tanners and curriers .....		1														
Tinners .....										1					1	
Tobacco manufacturers .....		3					2							1		
Watch and clock makers .....							1									
Wheelwrights .....										1						
Not specified .....		7	3			2	12		1			1		19	10	
Total skilled .....		40	32	2	1	6	71		2	40		1		46	37	
Agents' factors .....		1	1				3								2	
Bankers .....					2											
Farmers .....		2	2				1			5				2	3	
Farm laborers .....		9				1		5		4					5	
Hotel keepers .....			1													
Laborers .....		12	3			5	99			32				22	26	2
Merchant dealers and grocers .....		56	58	3		5	66	3		1	1		1	80	12	2
Personal and domestic servants .....		6	2							6				1	16	
Not stated .....		2								8					3	
Total miscellaneous .....		88	67	3	2	11	169	8		56	1		1	105	67	4
No occupation, including women and children .....		110	31			10	48			31				83	57	2
Grand total .....	1	264	145	5	3	27	371	9	3	136	1	1	1	256	166	6

*Number of immigrants arrived in the island of Cuba during the year ending December 31, 1901, showing races and occupations—Continued.*

Occupations.	Polish.	Porto Rican.	Portuguese.	Roumanian.	Russian.	Swiss.	Scandinavian (Norwegians, Danes, and Swedes).	Scotch.	South American.	Spanish.	Syrian.	Turkish.	Not specified.	Total.
Actors.....			1						2	19				111
Clergy.....										58				73
Editors.....									1	7				12
Engineers.....							6		1	14			1	144
Lawyers.....									2	16				32
Physicians.....									2	15			3	48
Sculptors and artists.....										37				45
Teachers.....										22				42
Not specified.....			1							325				389
<b>Total professional.....</b>			<b>2</b>				<b>6</b>		<b>8</b>	<b>513</b>			<b>4</b>	<b>896</b>
Bakers.....										50				69
Barbers and hairdressers.....						1				29	1			35
Blacksmiths.....			1				1			26				50
Brewers.....									1					1
Butchers.....									6	2				15
Carpenters and joiners.....		4				2			2	153	1			264
Clerks and accountants.....	2	9				1	1		2	231	1		2	389
Engravers.....		1												1
Gardeners.....							2			49				57
Ironworkers.....							1			7				13
Jewelers.....										5				7
Locksmiths.....										2				4
Machinists.....		2						2		12				47
Mariners.....		5					5			318				354
Masons.....		2								49			1	98
Mechanics not specified.....		3								31	1			81
Miners.....										1				9
Painters and glaziers.....										4	1			10
Plasterers.....													1	3
Plumbers.....														3
Printers.....										12				22
Saddlers and harness makers.....									2	1				10
Seamstresses and dressmakers.....		1								6				32
Shipwrights.....										2				3
Shoemakers.....										60	3			69
Stonecutters.....										20				21
Tailors.....						1	1		1	53	1		1	87
Tanners and curriers.....										2				3
Tinners.....										3				6
Tobacco manufacturers.....		1							1	316	1			375
Watch and clock makers.....						1				2		1		8
Wheelwrights.....														1
Not specified.....		3			1				4	85	3	1	2	227
<b>Total skilled.....</b>	<b>2</b>	<b>31</b>	<b>1</b>		<b>1</b>	<b>6</b>	<b>11</b>	<b>2</b>	<b>19</b>	<b>1,531</b>	<b>13</b>	<b>2</b>	<b>7</b>	<b>2,374</b>
Agents' factors.....									1	12				25
Bankers.....													1	4
Farmers.....		4							7	1,264	9			1,468
Farm laborers.....		3								1,545	16			1,606
Hotel keepers.....						1				1				4
Laborers.....		642	4			2	3		38	7,464	43	32	2	8,960
Merchant dealers and grocers.....		17	3	1	1	2	3	1	43	1,637	99	27	12	2,664
Personal and domestic servants.....		5					4		3	73			1	168
Not stated.....									4	27	1	4		68
<b>Total miscellaneous.....</b>		<b>671</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>10</b>	<b>1</b>	<b>96</b>	<b>12,023</b>	<b>168</b>	<b>63</b>	<b>16</b>	<b>14,967</b>
No occupation, including women and children.....		79			1	6	18		39	3,263	114	40	12	4,657
<b>Grand total.....</b>	<b>2</b>	<b>781</b>	<b>10</b>	<b>1</b>	<b>3</b>	<b>17</b>	<b>45</b>	<b>3</b>	<b>162</b>	<b>17,830</b>	<b>295</b>	<b>105</b>	<b>39</b>	<b>22,894</b>

Number of immigrants arrived in the island of Cuba for the year ending December 31, 1901, showing the countries whence they came and the race or people to which they belong.

Countries.	American.	Arabian.	Bohemian and Moravian.	Bulgarian, Servian, and Montenegrin.	Canadian.	Central American.	Chinese.	Costa Rican.	Cuban.	Dalmatian, Bosnian, and Herzegovinian.	Dutch and Flemish.	Dominican.	East Indian.	English.
United States .....	531	2	10	1	17	....	27	....	235	7	15	....	3	139
France, including Corsica .....	....	....	....	....	....	....	....	....	1	1	2	....	....	....
German Empire .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Italy, including Sicily and Sardinia ..	1	....	....	....	....	....	....	....	....	....	....	....	....	....
Norway .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Servia, Bulgaria, and Montenegro ....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Spain, including Canary and Balearic islands .....	1	18	....	....	....	....	1	....	181	1	1	....	....	4
Sweden .....	....	....	....	....	....	....	7	....	....	....	....	....	....	7
United Kingdom .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Not specified .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Total Europe .....	2	18	....	....	....	....	8	....	182	2	3	....	....	11
China .....	....	....	....	....	....	....	652	....	....	....	....	....	....	....
Turkey in Asia .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Total Asia .....	....	....	....	....	....	....	652	....	....	....	....	....	....	....
Australia, Tasmania, and New Zealand .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
British North America .....	....	....	....	....	....	....	....	....	....	....	....	....	....	1
British Honduras .....	....	....	....	....	....	....	....	....	1	....	....	....	....	....
Other Central America .....	....	4	....	....	....	....	....	....	....	....	....	....	....	1
Mexico .....	54	7	7	....	5	....	60	1	67	2	....	....	....	23
South America .....	2	....	....	....	....	1	2	....	18	....	3	....	....	12
Porto Rico .....	1	....	....	....	....	2	1	....	4	....	1	3	....	20
Haiti .....	1	....	....	....	....	....	....	....	5	....	....	....	....	4
Jamaica .....	12	....	....	....	....	....	4	....	20	....	....	....	....	90
Santo Domingo .....	2	....	....	....	....	....	....	....	....	....	....	3	2	1
Bermuda .....	2	....	....	....	....	....	....	....	....	....	....	....	....	2
West Indies not specified .....	36	....	....	....	....	....	2	....	77	....	....	....	3	206
All other countries .....	7	....	....	....	....	....	....	....	....	....	....	10	....	49
Grand total .....	650	31	17	1	22	3	756	1	609	11	22	16	8	559

Countries.	Finnish.	French.	German.	Greek.	Guatemalan.	Haitian.	Italian, North.	Italian, South.	Japanese.	Jamaican.	Korean.	Luxemburger.	Magyar.	Mexican.	Pacific Islander.
United States .....	1	68	101	5	....	....	179	6	1	....	1	....	....	20	3
France, including Corsica .....	....	36	....	....	....	....	1	....	....	....	....	1	....	3	....
German Empire .....	....	....	4	....	....	....	40	....	....	....	....	....	....	....	....
Italy, including Sicily and Sardinia ..	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Norway .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Servia, Bulgaria, and Montenegro ....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Spain, including Canary and Balearic islands .....	....	42	3	....	....	....	29	....	....	....	....	....	....	22	1
Sweden .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
United Kingdom .....	....	4	....	....	....	....	....	....	....	....	....	....	....	....	....
Not specified .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Total Europe .....	....	82	7	....	....	....	70	....	....	....	....	1	....	25	1
China .....	....	....	....	....	....	....	....	....	1	....	....	....	....	....	....
Turkey in Asia .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Total Asia .....	....	....	....	....	....	....	....	....	1	....	....	....	....	....	....

*Number of immigrants arrived in the island of Cuba for the year ending December 31, 1901, showing the countries whence they came and the race or people, etc.—Continued.*

Countries.	Finnish.	French.	German.	Greek.	Guatemalan.	Haitian.	Italian, North.	Italian, South.	Japanese.	Jamaican.	Korean.	Luxemburger.	Magyar.	Mexican.	Pacific Islander.
Australia, Tasmania, and New Zealand.....															
British North America.....															
British Honduras.....															
Other Central America.....					1										
Mexico.....		36	22		2		48		1				1	210	
South America.....		18	6				34								
Porto Rico.....		8	3				3							1	
Haiti.....		3				9	2			30					
Jamaica.....			1			15	2			69					
Santo Domingo.....		1					1								
Bermuda.....															
West Indies not specified.....		40	5				21	3							2
All other countries.....		8				3	11			37					
Grand total.....	1	264	145	5	3	27	371	9	3	136	1	1	1	256	6

Countries.	Polish.	Portuguese.	Porto Rican.	Roumanian.	Russian.	Swiss.	Scandinavian (Norwegians, Danes, and Swedes).	Scotch.	South American.	Spanish.	Syrian.	Turkish.	West Indian.	Not specified.	Total immigrants.
United States.....	2	4	6	1	2	7	33	1	17	739	51	29	7	6	2,277
France, including Corsica.....						2				6	13				64
German Empire.....															6
Italy, including Sicily and Sardinia.....											20				61
Norway.....							1								1
Servia, Bulgaria, and Montenegro.....										1					1
Spain, including Canary and Balcaric islands.....		3	11			4			12	14,772	117	54		1	15,278
Sweden.....							2			1					3
United Kingdom.....								2							20
Not specified.....										6					6
Total Europe.....		3	11			6	3	2	12	14,786	150	54		1	15,440
China.....											1				654
Turkey in Asia.....											24				24
Total Asia.....											25				678
Australia, Tasmania, and New Zealand.....			2												2
British North America.....														9	10
British Honduras.....			2						2						5
Other Central America.....			1						1				17		25
Mexico.....	2		30			4	1		40	748	5	10			1,386
South America.....			1		1				77	490		9		18	692
Porto Rico.....			712						7	500	21	1		1	1,289
Haiti.....							3				11				68
Jamaica.....	1									1	5				220
Santo Domingo.....			6							12		1			29
Bermuda.....															4
West Indies not specified.....			10				5		5	33	17		142	4	611
All other countries.....									1	21	10	1			158
Grand total.....	2	10	731	1	3	7	45	3	162	17,330	295	105	166	39	22,894

SIR: I have the honor to acknowledge receipt, by reference from the Chief of the Bureau of Statistics, Treasury Department, of your inquiry of May 12 as to the estimated amount of sugar in the warehouses in Habana January 1, March 1, and May 1 of each year for the last five years.

In reply to our cabled inquiry to Maj. Tasker H. Bliss, collector of customs for Cuba, an estimate as per inclosed statement has been received this day by cablegram.

Very respectfully,

CHARLES E. MAGOON,  
Acting Chief of Division.

Hon. O. H. PLATT,  
United States Senate.

[Copy of cablegram received at War Department May 15, 1902.]

HABANA.

MAGOON, War Department, Washington:

Replying to your cable, 14th, estimated amount sugar in warehouses in Habana on dates given is as follows:

			Tons.
1898.			
January 1.....			365
March 1.....			5, 906
May 1.....			10, 322
1899.			
January 1.....			1, 703
March 1.....			3, 222
May 1.....			14, 736
1900.			
January 1.....			3, 541
March 1.....			3, 472
May 1.....			8, 941
1901.			
January 1.....			636
March 1.....			17, 128
May 1.....			51, 991
1902.			
January 1.....			14, 095
March 1.....			46, 605
May 1.....			99, 681

BLISS.

NEW YORK, May 22, 1902.

Hon. O. H. PLATT,  
Chairman Committee on Relations with Cuba,  
United States Senate, Washington, D. C.

Sir: At your request I hand you herewith certified copies of contracts of all Cuba sugars sold by our firm since January 1, this year. These contracts are signed by our regular brokers, and cover the following sales:

No.	Date.	Quantity.	Price.	Buyer.
		Bags.	Cents.	
1.....	Jan. 4	• 1, 200	• 11 <sup>5</sup> / <sub>8</sub>	B. H. Howell, Son & Co.
2.....	Feb. 14	• 5, 000	• 3 <sup>1</sup> / <sub>2</sub>	Arbuckle Bros.
3.....	Mar. 4	• 2, 000	• 3 <sup>1</sup> / <sub>2</sub>	B. H. Howell, Son & Co.
4.....	....do....	• 17, 000	• 3 <sup>1</sup> / <sub>2</sub>	Do.
5.....	Mar. 13	• 6, 000	• 3 <sup>1</sup> / <sub>2</sub>	Do.
		• 4, 000	• 2 <sup>3</sup> / <sub>4</sub>	Do.
6.....	Mar. 28	• 12, 000	• 3 <sup>1</sup> / <sub>2</sub>	American Sugar Refining Co.
7.....	Apr. 29	• 2, 050	• 3 <sup>7</sup> / <sub>8</sub>	Arbuckle Bros.
8.....	May 8	• 7, 000	• 3 <sup>1</sup> / <sub>2</sub>	B. H. Howell, Son & Co.
9.....	May 17	• 15, 000	• 3 <sup>1</sup> / <sub>2</sub>	American Sugar Refining Co.

• Centrifugal sugar.  
• Cost, insurance, and freight.

• Duty paid.  
• Molasses sugar.



I shall be very happy to supply you with any further information that you may desire and that it is in my power to give.

I remain, yours, very respectfully,

GEO. R. MOSLE.

JAMES S. CONNELL & SON.

Mark: "Senado."

Samples to be drawn mutually by sellers and buyers, and polarizations of same to be made by two chemists, selected one by sellers and the other by buyers; the results to be averaged for basis of settlement, which is to be made at one thirty-second of a cent up or one-sixteenth a cent down per degree above or below basis fractions in proportion. Polarization of the sample to be also made by a third chemist; these results to be used in cases where the other two chemists differ over one-half degree when the two nearest of the three will decide the average.

Any mark or marks testing below 94° to be omitted from the average, and allowance down on such to be at the rate of three thirty-seconds of a cent per pound per degree from 94°.

JAMES S. CONNELL & SON.

Mark: "Senado."

Samples to be drawn mutually by sellers and buyers, and polarizations of same to be made by two chemists, selected, one by sellers and the other by buyers; the results to be averaged for basis of settlement, which is to be made at one-sixteenth of a cent up or one-tenth of a cent down per degree above or below basis, fractions in proportion. Polarizations of the samples to be also made by a third chemist; these results to be used in cases where the other two chemists differ over one-half degree, when the two nearest of the three will decide the average.

Any mark or marks testing below 94° to be omitted from the average, and allowance down on such to be at the rate of one-eighth of a cent per pound per degree from 94°.

No. 1.

NEW YORK, January 4, 1902.

*Sold for account of Messrs. Mosle Bros., to Messrs. B. H. Howell, Son & Co.*

Say about 1,200 bags Cuba centrifugal sugar, expected per steamship *Curityba*, now nearly due from Nuevitas, at 1½ cents per pound, basis 96° average test; cost, insurance and freight; net landed weights. Cash against documents at six days' sight. Lighterage and wharfage for sellers' account if incurred.

Note: We hereby certify this to be an exact copy of original contract rendered this date.

JAMES S. CONNELL & SON,  
Brokers.

No. 2.

NEW YORK, February 14, 1902.

*Sold for account of Messrs. Mosle Bros. to Messrs. Arbuckle Bros.*

Say about 5,000 bags Cuba centrifugal sugar, per steamship *Olinda*, now on passage for New York, at 3½ cents per pound, basis 96° average test; duty paid; net landed weights. Cash ten days from average date of delivery. Sugar to be taken ex vessel at purchasers' wharf. Damaged, if any, to be taken at a fair allowance. No arrival, no sale.

Note: We hereby certify this to be an exact copy of original contract rendered this date.

JAMES S. CONNELL & SON,  
Brokers.

JAMES S. CONNELL &amp; SON.

Mark: "Senado."

Samples to be drawn mutually by sellers and buyers, and polarizations of same to be made by two chemists, selected one by sellers and the other by buyers; the results to be averaged for basis of settlement, which is to be made at one-sixteenth of a cent up or one-tenth of a cent down per degree above or below basis, fractions in proportion. Polarizations of the samples to be also made by a third chemist; these results to be used in cases where the other two chemists differ over one-half degree, when the two nearest of the three will decide the average.

Any mark or marks testing below 94° to be omitted from the average, and allowance down on such to be at the rate of one-eighth of a cent per pound per degree from 94°.

No. 3.

NEW YORK, March 4, 1902.

*Sold for account of Messrs. Mosle Bros. to Messrs. B. H. Howell, Son & Co.*

Say about 2,000 bags Cuba centrifugal sugar, arrived per steamship *Curityba*, at 3½ cents per pound, basis 96° average test; duty paid; net landed weights. Cash ten days from average date of delivery. To be delivered ex lighter at purchasers' wharf. Damaged, if any, to be taken at a fair allowance.

Note: We hereby certify this to be an exact copy of original contract rendered this date.

JAMES S. CONNELL & SON,  
Brokers.

JAMES S. CONNELL &amp; SON.

Mark: "Senado."

Samples to be drawn mutually by sellers and buyers, and polarizations of same to be made by two chemists, selected one by sellers and the other by buyers, the results to be averaged for basis of settlement, which is to be made at one-sixteenth cent up or one-tenth cent down per degree above or below basis, fractions in proportion. Polarizations of the samples to be also made by a third chemist; these results to be used in cases where the other two chemists differ over one-half degree, when the two nearest of the three will decide the average.

Any mark or marks testing below 94° to be omitted from the average and allowance down on such to be at the rate of one-eighth cent per pound per degree from 94°.

No. 4.

NEW YORK, March 4, 1902.

*Sold for account of Messrs. Mosle Bros. to Messrs B. H. Howell, Son & Co.*

Say about 17,000 bags Cuba centrifugal sugar per steamship *Hiso*, expected to arrive about 11th instant from Nuevitas, at 3½ cents per pound, basis 96° average test; duty paid; net landed weights. Cash ten days from average date of delivery. (Sugar to be entered in bond on arrival if required, liquidated duty in part payment.) To be taken on vessel at purchasers' wharf. Damaged, if any, to be taken at fair allowance. No arrival, no sale.

Note: We hereby certify this to be an exact copy of original contract rendered this date.

JAMES S. CONNELL & SON,  
Brokers.

JAMES S. CONNELL &amp; SON.

Marks: "Sta. Lucia, about 4,000 bags; Senado, about 2,000 bags; M., about 4,000 bags."

Samples to be drawn mutually by sellers and buyers, and polarizations of same to be made by two chemists, selected one by sellers and the other by buyers; the results to be averaged for basis of settlement, which is to be made at one-sixteenth cent up or one-tenth cent down per degree above or below basis, fractions in proportion. Polarizations of the samples to be also made by a third chemist; these results to be used in cases where the other two chemists differ over one-half degree, when the two nearest of the three will decide the average.

*Centrifugals.*—Any mark or marks testing below 94° to be omitted from the average, and allowance down on such to be at the rate of one-eighth cent per pound per degree from 94°.

*Molasses.*—Any mark or marks testing below 84° to be omitted from the average, and allowance down on such to be at the rate of one-eighth cent per pound per degree from 84°.

JAMES S. CONNELL &amp; SON.

Marks: "Sta. Lucia, about 5,000 bags; Senado, about 7,000 bags."

Samples to be drawn mutually by sellers and buyers, and polarizations of same to be made by two chemists, selected one by sellers and the other by buyers; the results to be averaged for basis of settlement, which is to be made at one-sixteenth of a cent up or one-tenth of a cent down per degree above or below basis, fractions in proportion. Polarizations of the samples to be also made by a third chemist; these results to be used in

No. 5.

NEW YORK, March 13, 1902.

*Sold for account of Messrs. Mosle Bros. to Messrs. B. H. Howell, Son & Co.*

Consignment per steamship *Olinda*, now on passage from Gibara and Nuevitas for New York, say, about 6,000 bags Cuba centrifugal sugar, at 3½ cents per pound, basis 97° average test, and about 4,000 bags molasses sugar, at 2½ cents per pound, basis 89° average test; duty paid; net landed weights. Cash ten days from average date of delivery. To be taken on vessel at purchasers' wharf upon arrival. Damaged, if any, to be taken at a fair allowance. No arrival, no sale.

Note: We hereby certify this to be an exact copy of original contract rendered this date.

JAMES S. CONNELL & SON,  
*Brokers.*

No. 6.

NEW YORK, March 26, 1902.

*Sold for account of Messrs. Mosle Bros. to the American Sugar Refining Company and the American Sugar Refining Company of New York.*

Invoice per steamship *Curityba*, now on passage from Gibara and Nuevitas for New York, say about 12,000 bags Cuba centrifugal sugar at 3½ cents per pound, basis 96° average test; duty paid; net landed weights, cash ten days from average date of delivery. To be taken on vessel at purchaser's wharf upon arrival. Damaged, if any, to be taken at a fair allowance. No arrival, no sale.

Note: We hereby certify this to be an exact copy of original contract rendered this date.

JAMES S. CONNELL & SON,  
*Brokers.*

cases where the other two chemists differ over one-half a degree, when the two nearest of the three will decide the average.

Any mark or marks testing below  $94^{\circ}$  to be omitted from the average, and allowance down on such to be at the rate of one-eighth of a cent per pound per degree from  $94^{\circ}$ .

JAMES S. CONNELL & SON.

Mark: "Senado."

Samples to be drawn mutually by sellers and buyers, and polarizations of same to be made by two chemists, selected one by sellers and the other by buyers; the results to be averaged for basis of settlement, which is to be made at one-sixteenth of a cent up or one-tenth of a cent down per degree above or below basis, fractions in proportion. Polarizations of the samples to be also made by a third chemist; these results to be used in cases where the other two chemists differ over one-half degree, when the two nearest of the three will decide the average.

Any mark or marks testing below  $94^{\circ}$  to be omitted from the average, and allowance down on such to be at the rate of one-eighth of a cent per pound per degree from  $94^{\circ}$ .

JAMES S. CONNELL & SON.

Mark: "Sta. Lucia."

Samples to be drawn mutually by sellers and buyers, and polarizations of same to be made by two chemists, selected, one by sellers and the other by buyers, the results to be averaged for basis of settlement, which is to be made at one-sixteenth cent up or one-tenth cent down per degree above or below basis, fractions in proportion.

No. 7.

NEW YORK, April 29, 1902.

*Sold for account of Messrs. Mosle Bros. to Messrs. Arbuckle Bros.*

Say about 2,050 bags Cuba centrifugal sugar just arrived per steamship *Curityba* from Nuevitas at  $3\frac{7}{8}$  cents per pound, basis  $96^{\circ}$  average test; duty paid; net landed weights. Cash in ten days. Sugars to be taken at Pier 15, Brooklyn, less lighterage. Damaged, if any, to be taken at a fair allowance.

Note: We hereby certify this to be an exact copy of original contract rendered this date.

JAMES S. CONNELL & SON,  
*Brokers.*

No. 8.

NEW YORK, May 8, 1902.

*Sold for account of Messrs. Mosle Bros. to Messrs. B. H. Howell, Son & Co.*

Consignment Cuba sugar per steamship *Olinda*, now on passage for New York, say about 7,000 bags centrifugal sugar, at  $3\frac{1}{2}$  cents per pound, basis  $96^{\circ}$  average test; duty paid; net landed weights. Cash ten days from average date of delivery. To be taken ex vessel at purchasers' wharf upon arrival. Damaged, if any, to be taken at a fair allowance. No arrival, no sale.

Note: We hereby certify this to be an exact copy of original contract rendered this date.

JAMES S. CONNELL & SON, *Brokers.*

Polarizations of the samples to be also made by a third chemist, these results to be used in cases where the other two chemists differ over one-half degree, when the two nearest of the three will decide the average.

Any mark or marks testing below  $94^{\circ}$  to be omitted from the average, and allowance down on such to be at the rate of one-eighth cent per pound per degree from  $94^{\circ}$ .

JAMES S. CONNELL & SON.

Marks: "Sta Lucia 7,000 bags Senado 8,000 bags."

Samples to be drawn mutually by sellers and buyers, and polarization of same to be made by two chemists, selected, one by sellers and the other by buyers, the results to be averaged for basis of settlement which is to be made at one-sixteenth cent up or one-tenth cent down per degree above or below basis, fractions in proportion. Polarizations of the samples to be also made by a third chemist, these results to be used in cases where the other two chemists differ over one-half degree, when the two nearest of the three will decide the average.

Any mark or marks testing below  $94^{\circ}$  to be omitted from the average, and allowance down on such to be at the rate of one-eighth cent per pound per degree from  $94^{\circ}$ .

No. 9.

NEW YORK, May 17, 1902.

*Sold for account of Messrs. Mosle Bros., to The American Sugar Refining Company and The American Sugar Refining Company of New York.*

Consignment Cuba sugar per steamship *Truma*, in port from Gibara and Nuevitas, say about 15,000 bags centrifugal sugar at  $3\frac{1}{2}$  cents per pound, basis  $96^{\circ}$  average test; duty paid; net landed weights. Cash ten days from average date of delivery. To be taken ex vessel at purchaser's wharf, New York. Damaged, if any, to be taken at a fair allowance.

Note: We hereby certify this to be an exact copy of original contract rendered this date.

JAMES S. CONNELL & SON, *Brokers.*

BOSTON, MASS., May 27, 1902.

Hon. O. H. PLATT,

*Chairman Committee on Relations with Cuba, Washington, D. C.*

DEAR SIR: Referring to the inclosed list, which was promised by me, which I trust will arrive in season to serve your purpose, I must apologize for not sending this on immediately upon my return to Boston, but owing to press of business I neglected to do so.

Very sincerely, yours,

A. W. PRESTON,

C S S—21

List of stockholders in the Nipe Land Syndicate.

Name.	Residence.	Name.	Residence.
Lorenzo D. Baker.....	Wellfleet, Mass.	Richard J. Elkins.....	Boston, Mass.
Josiah Q. Bennett .....	Boston, Mass.	E. B. Hopkins .....	Wellfleet, Mass.
William H. Bennett .....	New York, N. Y.	Charles A. Hubbard .....	Boston, Mass.
Jose H. Beola .....	Gibara, Cuba.	J. A. Jones.....	Swampscott, Mass.
George C. Brooks .....	Boston, Mass.	Minor C. Kelth.....	New York, N. Y.
C. C. Buckman.....	Baltimore, Md.	B. W. Palmer.....	Boston, Mass.
Samuel M. Buckman .....	Do.	A. W. Preston .....	Do.
Lamont G. Burnham .....	Boston, Mass.	William S. Walsh .....	New York, N. Y.
T. Jefferson Coolidge, jr .....	Do.	I. C. Young.....	Boston, Mass.
F. Simon Dumois .....	Gibara, Cuba.	Alfred Dumois.....	Gibara, Cuba.
Hipolito Dumois .....	Do.	George P. Dumois .....	Do.

In the above syndicate the Cuban interests represent approximately 23½ per cent of the whole.

SUBCOMMITTEE OF THE COMMITTEE  
ON RELATIONS WITH CUBA,  
UNITED STATES SENATE,  
*Washington, D. C., June 3, 1902.*

The subcommittee met at 10 o'clock, a. m.  
Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

TESTIMONY OF HERBERT JANVRIN BROWNE.

Herbert Janvrin Browne, having been first duly sworn by the chairman, testified as follows:

Senator TELLER. Give the committee your full name, Mr. Browne.  
Mr. BROWNE. Herbert Janvrin Browne.

Senator TELLER. Mr. Browne, what acquaintance have you had with Cuban affairs?

Mr. BROWNE. I have been in Cuba three times and have made a special study of Cuban matters for a good many years.

Senator TELLER. When were you in Cuba?

Mr. BROWNE. I was in Cuba in the spring of 1898, before the war broke out. I was there again about two years ago, while the military government was in charge, and I have just returned from Cuba.

Senator TELLER. You may go on and state what you found there in regard to the holding of the sugar and the holding of estates down there by Americans, etc.

Mr. BROWNE. I should like to preface my statement by saying that where I may use the names of people living in Cuba as authority for certain statements I make, they should not be used as committing them either for or against reciprocity. The condition of public sentiment in the island is such that it would be unfair to them to have testimony which I may give construed as an expression of opinion on their part. All I was seeking to get from them was a statement of fact.

The CHAIRMAN. You are not proposing, I hope, to express your opinion?

Mr. BROWNE. No; not at all; but, as I say, public sentiment on the island is in a condition in which men do not talk freely, if their statements of fact are to be construed as statements of opinion.

Senator TELLER. What was your purpose in interrogating these people?



Mr. BROWNE. I wanted to get facts in regard to the holding of sugar and in regard to the ownership of the estates. I have here and I will submit a statement in regard to the ownership of all the ingenios or centrales in the island. The ingenio is the sugar mill. The estate on which cane is raised may or may not be the property of the owner of the ingenio, but the production of sugar centers around the ingenio. That is a fair proposition, because the people in control of the ingenio control the crop and make the contracts for disposing of the cane.

The CHAIRMAN. What is the difference between an ingenio and a centrale?

Mr. BROWNE. An ingenio is a centrale.

The CHAIRMAN. Then why do you not use the word "centrale?"

Mr. BROWNE. I use the word "ingenio" because it is the word used in the island.

The CHAIRMAN. The word we know about here is "centrale." But it does not make any difference.

Mr. BROWNE. This list was prepared at my request by Don Nestor Quintero. He is a Venezuelan by birth and a nephew of Guzman Blanco, the late dictator of Venezuela. He was expelled from Venezuela at the time of Blanco's overthrow, and has since resided in Habana. He is a man of very high standing and is the publisher and editor of the Habana and Cuba commercial directory, which is considered an authority in the island in regard to business and statistical matters.

The list is divided into ownership, first, by Cubans; second, by Spaniards and Spanish estates; third, by American syndicates, firms, individuals, and Cuban-Americans. The words "Cuban-American" are used advisedly, because they cover a considerable class who are people of Cuban birth but of American citizenship. Many of them are claimants before the Spanish Claims Commission.

Senator TELLER. Do you include in that American corporations?

Mr. BROWNE. Yes; syndicates. That is what the word means.

Senator TELLER. You mean by that corporations?

Mr. BROWNE. Yes. This list numbers 223 ingenios or centrales, which is the total number working on this year's crop. It does not include the centrales that were destroyed during the war and which have not been replaced. Neither does it include centrales or ingenios which have been abandoned from the fact that they could not be worked at a profit on account of obsolete machinery or distance from railways and means of transportation. Had it included that list it would have taken in what you might call dead timber—concerns that are out of operation—but it does include the ingenios which have ground the present crop in its entirety. I find little or no cane in the island which has not been ground this year. There are a few notes attached to that list which might be eliminated if it is thought advisable. I have put in front of certain of them the letter b, which means an ingenio which is being reconstructed and brought approximately up to date by the introduction of new machinery. Those number some 30 or more in the whole island. There is also the letter a placed in front of 5 ingenios which, on the statement of Wright & Grimm and of other leading American sugar mill engineers in the island, are the only ingenios in the island that are up to date, entirely modern in their methods and machinery and appliances. The others are more or less antiquated. On the statement of Wright & Grimm, these mills are

capable of producing sugar at \$1 a bag, while the average of all the rest would be \$1.50 a bag as to cost of producing sugar.

Senator TELLER. You say those are marked?

Mr. BROWNE. Yes; I have put the letter a in front of the mills that they consider No. 1 mills.

Senator TELLER. In what list are they?

Mr. BROWNE. They are scattered through. I think there are none in the Cuban list. There is one in the Spanish list, and the others are in the American list. In other words, the American mills are the only ones that are up to date, and even in those which are regarded as up to date there is a variation between 100 and 115 in point of effectiveness. These gentlemen say with a good deal of emphasis that if the insurgents had destroyed——

The CHAIRMAN. No matter what they say.

Senator TELLER. That would not be very injurious, I think.

The CHAIRMAN. I know; but this whole testimony of Mr. Browne's is hearsay, and while I do not want to object to it, I do not want to be kept right down to what somebody else said.

Senator TELLER. You will not let me bring here all those people who have those centrales, and consequently we have to get it second hand, to some extent.

Mr. BROWNE. I would say on my own authority, for whatever it is worth—my information in regard to this point is based on technical statements of technical authorities, so the value of their statements would be greater than mine—that as a result of my investigation, in the opinion of two engineers and many others, if the insurgents had destroyed every sugar mill in the island it would have left the way clear for the introduction of modern machinery up to the latest improved models, and in that way would have been very beneficial to the economic production of sugar. There has been since the war period an extensive transfer of possession of sugar lands and ingenios. This is a part of the process of liquidation which has been going on and which will continue to go on until the island has liquidated its indebtedness. There is a face indebtedness of \$120,000,000 to \$130,000,000 represented by mortgage on sugar properties, which, with interest ranging from 12 to 24 per cent, is now doubled, owing to the operation of three successive stay laws which have been in effect during seven years and which are to-day in effect. The result is that practically every estate in the island which is under mortgage or was under mortgage at the breaking out of the insurrection is to-day wiped out, so far as the equity of the mortgagor is concerned. This applies not merely to the large estates, but to the indebtedness involving the small farmers, whether they are renters and have a more or less valid lien on their property, or actual owners of the small farms.

There is no chattel mortgage law in the island, so the man who had not a fee in his land gave practically a book claim against his estate, whatever estate he may have had, and not a mortgage. It is held by all the well-informed financial interests of the island that these mortgages to-day are not worth 50 cents on the dollar; that they could be bought for that and for less. There is a large class of what are practically mortgages known as censos, which form what in the United States would be equivalent to a ground rent, although they extend to whatever improvements may be on the real estate. The origin of the

censo lies with the Catholic Church, which received in the old days many bequests in the form of a perpetual lien on realty. It became subsequently a business custom whereby, if a person who desired to purchase a piece of land which, we will say, was worth \$100,000, he would pay perhaps \$50,000 in cash and then give a censo in perpetuity on the balance at 6 or 7 or 8 per cent, or whatever per cent might be agreed on. It is estimated that the face income of these censos is about \$20,000,000 a year. Some of these censos, from their age and from division under inheritance, have become so widely scattered as to become practically impossible of collection, but they still remain as a dead hand on the estates. The censos which are active and easily collected can generally be bought in the rural sections for about 50 cents on the dollar. In the cities, where property has been handled to better advantage, they are probably worth well up to their face.

Perhaps 50 per cent of the estates which are now in the hands of Spaniards were at the breaking out of the insurrection in the hands of Cubans. They have passed into the hands of their present holders not by direct legal procedure under foreclosure, as that had been prevented, but by agreement between the mortgagor and the mortgagee. That process of transfer will continue until practically no large estates will be left in the hands of their present Cuban holders.

The American syndicates and individuals which have gone in since the establishment of peace have in part bought these encumbered estates, and in less part taken up wild lands, which they are improving and developing. When one gets beyond the centrale to the colono, the small farmer, he finds a condition of ownership which is not to be materially changed as to the larger number. The colono has always been in debt. Under the Spanish administration he was taxed into debt. The insurrection prevented him from realizing anything of value on his crops, and the present depression in the sugar market, with the weight of debt hanging over his shoulders, will prevent his getting on his feet except by a process of liquidation. Were there other people ready and anxious to bid on the small farm, the small farmer would be speedily wiped out of his holding and would become a tenant farmer, where at present he may be an owner; but since there is no great inrush of new people, there will be a compromise between the mortgagor and the mortgagee on terms which will be dependent in each case on local conditions, but which will average a liquidation not far from 40 cents on the dollar.

It is estimated that if sugar should double in value through any change of conditions which would send up the price, the small farmer and the holder of the mortgaged estate generally would be able to settle perhaps for 70 cents on the dollar instead of at from 40 to 50 cents on the dollar; but no advance in the price of sugar that is possible would enable him to settle for 100 cents on the dollar. In other words, any advantage that he derives from an increase in the price of sugar would be merely translated into the pocket of his creditor.

There are enormous tracts of wild land, forming by far the larger part of the area of the island, which will under sound economic conditions come largely into the production of sugar. Those economic conditions depend very largely upon the course of the new Government of Cuba. The conditions are already so much better than they were under the old Spanish régime that considerable money is going into

the development of these new estates. A few Germans are undertaking it, but it is apparently being largely done by Americans. There is one set of holdings which may be considered as under a single ownership already amounting to somewhere between 150,000 and 180,000 acres of land. These are along the lines of what is known as the Cuba Company, which may be considered an American syndicate, although its head is a Canadian.

I would like to pay a tribute to Sir William Van Horne because he is going to do a great deal for Cuba. He is going to do the great work of opening up that island and bringing freight charges down to living rates. The present transportation rates in the island are extremely exorbitant. I have transcripts of freight bills showing that it costs more to ship a ton of oats 150 miles in the island than it does to ship them from Omaha to Liverpool. I have transcripts of freight records showing a charge of \$12 a thousand for shipping lumber less than 200 miles, partly by water and partly by land. It is costing to-day, including the charge on cane, over 50 cents a bag to freight sugar, 325 pounds to the bag. Those are material obstacles to the economic freedom of the island.

The CHAIRMAN. I suppose that is not uniform; that depends on the particular localities?

Mr. BROWNE. I have not been able to find any that did not exhibit that extraordinary charge. You mean as to sugar?

The CHAIRMAN. Yes.

Mr. BROWNE. It will average 50 cents on a shipment of 30 miles.

The CHAIRMAN. I think you are right about that.

Mr. BROWNE. That is the first great obstacle in the way of the cheap production of sugar. I think it is entirely apropos to the present subject to say that the economic freedom of the island, next to the cheapening of transportation facilities, comes in the cheapening of money; and that is coming through American agencies. One of the largest bankers in the island—I feel at liberty to mention his name—Mr. Lawton Childs, of Habana, indulged to me in violent abuse of the Cuba National Bank because it had come in there this last year and loaned money at 6 and 7 per cent on sugar, where before he had been able to get as high as 12 per cent and even higher; and he said a man was a fool to come in there and loan money at 6 and 7 per cent when he could just as well get 12. The Cuba National Bank is an American corporation which has close fiscal relations with the Government of Cuba. Its head is a gentleman by the name of Jarvis. I have not his initials. Do you know them, Senator?

Senator Teller. No. He is very well known in the West.

Mr. BROWNE. Hon. John G. Carlisle, ex-Secretary of the Treasury, is one of his directors. Mr. Havemeyer has a good deal of money in his bank. The work of this bank in the island, as of nearly every other American agency that could be named, has been for the commercial development of the island on sound lines and without attempting to play the Shylock. This bank has loaned more money on sugar than all the other banks in the island—there are not many banks—and to-day represents the controlling interest on the present crop.

Senator TELLER. What do you mean by that?

Mr. BROWNE. I mean that when money is loaned on sugar it is practically a loan on call, and the party who loans the money is in position to call his loan, and therefore control the sugar, and does control the

sugar, on which he has loaned the money. He therefore, with the sugar under his control, may act as its broker, or may take it up at the market price on the day he makes the call, and that is the condition. There is no longer competition in the purchase of the Cuban sugar crop. That is acknowledged by every sugar producer in the island. The day of competition has gone. It does not make any difference whether one big broker, like Zaldo & Co., or Placé & Co., or Cardenas, is the direct agent for the handling of the sugar. No three brokers are after any one centrale. It is all determined. The sugar passes, and it passes at the market price.

Senator TELLER. They fix the price?

The CHAIRMAN. No; he says it passes at the market price.

Mr. BROWNE. It passes at the market price. The question of fixing the price is a pretty intricate one. I think that comes back to American sources. We always hear about the Hamburg price, but it looks to me as though the Hamburg price was controlled in the United States a good deal more than it is in Hamburg.

Senator TELLER. When you say there is no competition, you mean they do not bid against each other?

Mr. BROWNE. No; there is no bidding against each other. There is no active competition for the sugar.

Senator TELLER. If the market price is so much, the man can take that or go without?

Mr. BROWNE. He can take it or go without. He takes it. He does not go without. When the demand comes for sugar, the sugar is already in warehouse. It is mortgaged up to three-fourths of its value. The money is disbursed and the sugar passes.

Senator TELLER. Whenever the call is made?

Mr. BROWNE. Whenever the call is made.

Senator TELLER. Go on, Mr. Browne.

Mr. BROWNE. Practically the entire crop of cane was ground this year.

Senator TELLER. Already ground?

Mr. BROWNE. Yes, sir; already ground. There is no cane left standing in the fields, with the exception of cane which is held for seed, except in some few instances where cane fields are so remote from centrales that it absolutely would not pay the cost of hauling.

Now, the statement of Mr. Patten, who is the manager of Tinguaro, one of Mr. Hawley's big estates, is that they have not been able to make much money out of cane that was ground since the middle of April, because they had such an extremely dry fall that the sugar did not have juice enough left in the cane after the middle of April to float it out, and it lies in the cane, and they have no diffusion process by which they can extract it. Usually that is not the case. It is the rare case of an extremely dry winter. Still, they ground it because they had the mills to keep up. Instead of getting the 16 per cent of sugar that they do out of the late grinding, they do not get over 10. The tendency of the big grinders is to shorten the grinding season if they can, in order to take advantage of the fact that the cane is riper after the 1st of February than it is the 1st of January, when the grinding usually begins, and there are more sugar contents. Those sugar contents seem to increase at the rate of  $1\frac{1}{2}$  or 2 per cent a month up to about the 1st of May, owing to the ripening of the cane.

The CHAIRMAN. What did you say about February?



Mr. BROWNE. I say that from the 1st of February the cane increases in sugar contents about  $1\frac{1}{2}$  or 2 per cent a month, owing to the ripening of the cane.

Senator TELLER. You mean by that that before the 1st of February it has less sugar?

Mr. BROWNE. Has less sugar. Mr. Patten said that in order to keep down his centrale expenses, if he had his way about it he would begin to grind as early as the 1st of December; but he acknowledged that he would not get over 7 per cent of sugar if he began the 1st of December. By the 1st of January that has increased to 9 or  $9\frac{1}{2}$  per cent of first sugar; by the 1st of February it is up to 2 per cent more, and it increases 2 per cent a month up until the 1st of May. On the 1st of May it is ripe, and does not give any further increase.

The CHAIRMAN. It deteriorates after the 1st of May, does it not?

Mr. BROWNE. It deteriorates in the sense that the sugar sets in the cane. There is not juice enough to float it out, and they have no diffusion process to get it out. He says when they get a careful study of their soils—and they have a number of varieties of soil (there are two main varieties, one of them known as black waxy and the other as California red adobe)—that they will be able to introduce, as they have done in Hawaii, many different kinds of cane according to the soil for which it is best fitted and with a variation in the length of maturity, so that they will be able to have a ripe cane to be able to begin grinding perhaps as early as the middle of December, and that will be an enormous advantage. Mr. Van Horne took a sugar expert from the Hawaiian Islands, a German-Austrian by the name of Wolter, who stands very high in the technique of his profession, and has made a report in regard to the production of sugar cane which I am informed shows that it can be produced at a very low figure under proper methods. To-day Cuba is groaning under what I call the Phœnician yoke. They still use the yoke attached to the horns of their cattle as the Phœnicians did thousands of years ago. There is a good deal of difference of opinion as to whether that yoke is effective or not. I was brought up on a farm and know something of cattle, and I say that our New England bow yoke will give 50 per cent greater draft at the shoulder than they can possibly get from the horn.

The CHAIRMAN. And they do not admit it?

Mr. BROWNE. They do not admit it, and yet there is no test to prove which is the better of the two.

Senator TELLER. Anybody who had ever seen teams of oxen yoked both ways would know that.

Mr. BROWNE. It is the opinion of the best authorities in the island that the use of the traction engine, properly constructed for Cuban conditions, will reduce the cost of plowing from \$2.25 an acre to \$1 an acre, and that is the first great cost, the breaking up of land. They have at present some cable engines which are being used successfully. They complain that the American traction engines are not properly constructed for their needs. It is purely a matter of proper construction. They need an extremely high wheel with a very deep calk on the wheel.

Senator TELLER. That is, a flange on the wheel?

Mr. BROWNE. Yes; a cross flange to catch the soft ground, and then gang plows. Captain Crawford, who is an American in charge of the big industrial school at Santiago de las Vegas, says there is no ques-



tion but the traction engine can be used with great success and great economy. One-fifth of the plows to-day in Cuba are the old wooden plow, with an iron point, such as ought to have been burned up years ago. General Wood bought a number of thousands of American plows and distributed them gratis among Cuban farmers. He paid \$10 apiece for those plows, and within two months of the time he issued them you could buy the identical plows in the markets for \$5. The Cuban farmer would not use them. He sold them for what he could get.

Senator TELLER. He wanted to use the old wooden plow?

Mr. BROWNE. It was partly that he wanted to use his old wooden plow and partly because he did not have cattle, and he wanted to realize on his plow. They got the plows out before they got the cattle out.

Senator TELLER. Did General Wood supply cattle also?

Mr. BROWNE. I understand a large sum of money was appropriated from the Cuban treasury to purchase cattle to be distributed among the farmers who had lost their stock. I am unable to ascertain that those cattle supplied any especial demand. The farmers who have had cattle have had to get them on advances from the proprietors of centrales or from the merchants with whom they trade. The Spanish merchant has been a banker as well as a merchant. He has advanced money and credit to the centrales and to the farmers.

Senator TELLER. We saw that when we were down there. That is the way they get rich.

Mr. BROWNE. Yes. There are Spanish merchants in Habana who have a million and a half of credits outstanding, and I am told that some of those merchants who are representing the fourth generation of their families do not count the gold in the back of their safes except when the head of the family dies, and they have not been to the back of their safes, some of them, for thirty years. So, in the process of liquidation which has been going on and will go on, these men will lose some considerable portion of their working capital; but very few, if any of them, will be bankrupted, because they do not owe any money. It is merely using up part of their own capital and liquidating with their creditors; in other words, they have been making anywhere from 24 to 40 per cent a year, and they will have to give up some of their exorbitant profits in the process of liquidation.

Senator TELLER. You mean some of their debits?

Mr. BROWNE. Some of their debits.

Senator TELLER. Still they make a profit?

Mr. BROWNE. Oh, they will make a profit.

Senator TELLER. Has there been no interest paid in the last six years?

Mr. BROWNE. No; at the same time the merchants have gotten something. They have generally succeeded in taking over the fraction of the crop, whatever they could get. They would leave the colono enough to live along, and get the rest. So while ostensibly their credits have increased, as a matter of fact they have been pulling a little something out of the wreck as the years have gone by.

Senator TELLER. The stay law only prevented them from enforcing their claims in the courts.

Mr. BROWNE. The stay law has merely prevented their enforcing mortgage claims. It has not prevented the enforcing of commercial

indebtedness, as I understand it; but custom or good sense has shown them the wisdom of carrying along their debtors instead of simply smashing them out of existence. Here is a Cuban farmer with two caballerias of land, say 66 acres. There is no one just ready to jump in and take his farm, and so the merchant that has been trusting him simply carries him along. I think the conditions in our Southern States following the war were very closely parallel to those in Cuba now. They did not take away the farm of the cotton farmer because he happened to be in debt. They simply sold him goods at 100 per cent profit.

The CHAIRMAN. The Spaniard does not want land anyway, does he, if he can help it?

Mr. BROWNE. Yes and no. The Spanish merchant does not. The Spaniard who is in the city does. The cities of Cuba are owned by Spaniards.

The CHAIRMAN. I mean agricultural land.

Mr. BROWNE. I do not think, as a rule, he does. He has, in many instances, taken land under the mortgage indebtedness by agreement with the creditor because it looks to him good business. The Spaniard is a better business man than the Cuban, and by taking the land he has frequently been able to inaugurate reforms and put necessary money into the business to recover a considerable portion of his debt, much more than he could if he had allowed the Cuban owner to remain.

The CHAIRMAN. But if I understand, generally speaking, the Spaniard who has a mortgage would rather compromise his debts and get money than to take the land.

Mr. BROWNE. He would if he could get the money. If he can not get the money there is no alternative but to take the land.

The Cuban laborer might as well be dismissed in discussing the Cuban situation. He is making big wages. He never saves anything that I am aware of, although he is a pretty hard worker. The average American comes back from Cuba and curses out the Cuban laborer, but the Cuban laborer works and he works pretty hard and with reasonable steadiness. He has many good traits. He does not get drunk. He is not quarrelsome. He is pretty moral. In the old days when it cost \$40 to get married, they got married as they said "behind the church," but they were faithful to their marriage vows, to their agreement. They are very domestic. They are extremely fond of their children. There would not be one separation in Cuba where there would be ten separations in the United States. Divorce is practically unknown. Separation is practically unknown. The Cuban woman is extremely domestic. I was in Habana on the day of the inauguration, and Cuban friends of mine pointed out women who they said were probably down on the Prado for the first time in their lives, unless they had come out to church. The Cuban woman stays at home.

Habana spent on that inauguration—and it comes in as incidental to this—probably a million and a half of dollars. They outdid anything we ever attempted here in Washington in the way of inaugural festivities. I saw single streets that cost over \$30,000 to decorate, and those people were spending anywhere from \$30,000 to \$40,000 a day during inauguration week in carriage hire. Everybody was riding.

The CHAIRMAN. That is, individuals?

Mr. BROWNE. Yes, sir.

The CHAIRMAN. Was there a big turnout?

Mr. BROWNE. Well, there must have been 100,000 strangers in the city. The administration of President Estrada Palma will be popular with the Cuban people.

I was in Habana on independence day, and went not to the palace to see the transfer of government, but down on the Punta, where the common people were assembled in thousands to see the flag of free Cuba go up on the Morro, which for four hundred years has been the citadel of Spanish tyranny. When the flag went up I do not believe there was a dry eye among the thousands there. I saw old Quentin Bandera—the negro guerilla leader who marched his 200 ragged straw-hatted men across the whole Camaguey from Santiago to the gates of Habana through 200,000 Spanish troops—try to keep a firm face, and failing, reach up and grasp his tattered battle flag, wrap it around his head and shoulders and shake with emotion, bowed to his horse's mane.

I was reminded of what Charles Biddle wrote, after hearing the American Declaration of Independence read in the court-house yard at Philadelphia, July 4, 1776: "There were very few of the wealthy and respectable element of Philadelphia present," he wrote, "for they are not in favor of independence."

So it is in Cuba to day. The wealthy class are for annexation to the United States, but the masses of the Cuban people have sucked in the hope of liberty and independence with their mothers' milk. They have national aspirations, and under the patriotic and able administration of their President they will realize their hopes. Estrada Palma is incorruptible, a statesman, and a Cuban patriot. The destinies of his country are in safe, firm, and conservative hands. The worst enemies of Cuba are the Americans who come back to the United States with dire predictions that the Cuban Government will not last.

Senator TELLER. I want to get from you, out of the holdings how much sugar the Americans and everybody except Cubans are going to make, as near as you can get at it.

Mr. BROWNE. I can give you a rough estimate, as it was furnished me, as to how the present crop is divided.

Senator TELLER. That is what I want, and whether any sugar is being shipped now.

Mr. BROWNE. Very little.

Senator TELLER. Mr. Chairman, you have given it up to the 1st of April, or I put it in up to the 1st of April. Now, I want it since the 1st day of April.

The CHAIRMAN. The receipts in the United States of Cuban sugar?

Senator TELLER. Yes; I put in a statement here one day, and that is the only official statement we have of exports from Cuba to the United States. I want the last statement from the Treasury. Will you get it?

The CHAIRMAN. Yes.

Mr. BROWNE. There are 52 centrales owned by Cubans; 55 owned by American syndicates, firms, and individuals, including Cuban-American citizens; 98 which are owned by Spaniards; and 18 which are owned by Germans, English, French, Portuguese, and other foreigners.

The CHAIRMAN. What do you mean by Cuban-Americans?

Mr. BROWNE. I mean American citizens of Cuban birth.

The CHAIRMAN. You mean Cubans who came here some time probably during former revolutions there, but who have now gone back to Cuba. Is that it?

Mr. BROWNE. Not necessarily, because I know of one of them who is living in Washington now.

The CHAIRMAN. Most of them are of that kind.

Mr. BROWNE. I would not state as to their residence. I think most of them live in the United States. In fact, nonresident ownership is something that would apply pretty generally. There are numbers of nonresident owners.

There are 223 centrales there, of which the Cubans own 52. The Cuban production of sugar on those 52 does not exceed 20 per cent of the sugar produced in the island. The Americans produce in much larger proportion, probably 2 to 1. So the American 55 produce about 40 per cent, and I should say that the other foreign holders are pretty large. I think they produce about 10 per cent. That leaves about 30 per cent for the Spanish estates. Those figures would need to be readjusted, but it would run about that way. The Americans are producing about 40 per cent of the sugar on their 55 centrales. The Cubans are producing not exceeding 20 per cent. The largest holding, and perhaps the most progressive holding, among the Cubans is held by Marta Abreu, a woman. The Abreu estate is very large, and the Abreus have been very wealthy. I think, from what I hear, that estate is probably not involved in debt.

Senator TELLER. Did you finish with the figures?

Mr. BROWNE. Yes; 20 per cent on the Cuban estates, 40 per cent on the American estates, 30 per cent on the Spanish estates, and 10 per cent on all other estates.

Senator TELLER. That is, Portuguese—

Mr. BROWNE. Yes; Portuguese, German, French, and British. That is as close as I can give it at the present time. I have requested competent persons to get the absolute figures, as they will be available now within the next thirty days, and that is perhaps too late for use on the committee, but they still may be of some use. You will know exactly what each centrale has produced this year. There is still a certain amount of elasticity in the handling of the cane by independent growers. All through Matanzas, to some extent in Santa Clara, and to some extent in Habana, it is possible for an independent cane grower to determine the centrale to which his cane shall be sold. There will be perhaps several centrales in one locality, and the opportunity is thus presented for independent control. That is not the rule. It is the exception. It may become more the rule in the future in the thickly settled provinces.

For instance, at several points in Matanzas there will be half a dozen centrales in the same town—in the town, not in the country; and those centrales have to obtain their cane either by direct purchase or by contract before the crop has been made. So where people start in with independent capital, they still have the opportunity in favored localities for disposing of their cane at will. Where that opportunity has presented this past year, very good prices have been realized for cane. One young American, whom I met at Habana, by the name of Barlow, furnished me figures on the sale of cane from 5½ acres, showing that he had obtained even early in January 5½ per cent. He said he could have gotten 6 per cent if he had waited a little later, but he was in a

hurry to sell his cane and get it off his hands, so he sold at  $5\frac{1}{2}$  per cent. I can furnish the committee a transcript from his book showing the entire transaction, which yielded him a profit of over \$20 an acre on the cane; and he contracted for the whole operation, the handling of the cane, the making of the crop, the cutting of the cane, and its delivery. He said he would have made considerably more if he had done it himself, but he simply turned it over on contract.

Senator TELLER. After paying for the raising of the cane, you mean, he had \$20 an acre?

Mr. BROWNE. Yes; after making all charges against the cane it yielded a profit of \$20 an acre.

Senator TELLER. This year's crop?

Mr. BROWNE. This year's crop. He sold it in January. He said that under what he called American extensive farming methods——

The CHAIRMAN. You mean intensive, don't you?

Mr. BROWNE. No; extensive, as opposed to intensive—the method adopted in the West. He said, "I can raise cane as cheap as they can raise corn fodder in Illinois. I put in my crop once in ten years."

Senator TELLER. Is he an American?

Mr. BROWNE. Yes. His name is Barlow. He said, "I put in my crop once in ten years and after that, except for cleaning the cane each spring, nothing is done to it until it is cut in the winter."

Senator TELLER. What do you mean by cleaning it?

Mr. BROWNE. Cutting out the weeds when the cane starts above the ground. I understand his statement agrees with the statement of Mr. Van Horne's expert. I have no doubt the committee can get the statement of Van Horne's expert, which ought to be of considerable value. All of the large American estates have made money on their cane this year.

Senator TELLER. What is the name of that expert?

Mr. BROWNE. It is Wolter. I do not know his initials. He can be reached at 80 Broadway. This statement I refer to I will transcribe. It is in Spanish and I will get it fixed up for you.

Senator TELLER. Is there anything further you want to say?

Mr. BROWNE. I would like to add a little material from Mr. Patton, whom I regard as the wisest of the sugar men in the island. He is a thoroughly practical man.

Senator TELLER. Is he an American?

Mr. BROWNE. He is an American. He has raised sugar in Louisiana. He has driven mules in Texas. He is in charge of the Tinguaro estate. The fact that Mr. Hawley has put him in charge of that estate is proof that he is a competent man.

Senator TELLER. Go on.

Mr. BROWNE. He says the cost of making sugar, as divided between the raising of the cane and the making of the sugar after it reaches the carrier of the centrale, will average at present 2 to 1, 2 for raising the cane and 1 for making the sugar. Where everything is thoroughly up to date it will be about  $2\frac{1}{2}$  to 1.

The CHAIRMAN. All this is exceedingly interesting, but we have not gone into those matters.

Senator TELLER. He is not giving now really the cost.

Mr. BROWNE. I am giving the comparison. It will have a bearing in a moment on the land question, showing one of the economic developments that comes out. Take it for the moment at 2 to 1. The cen-



trale should pay the cane raiser 66 $\frac{2}{3}$  per cent of the sugar, or on the weight of the first sugar, as is usually reckoned, 6.66 per cent.

The CHAIRMAN. For a hundred pounds of cane he should pay 6.66 per cent?

Mr. BROWNE. On a hundred pounds of cane he should pay a little over 6.66 per cent. That is, under present conditions.

The CHAIRMAN. Of Sugar?

Mr. BROWNE. Of sugar. He should pay even more. The fact is that the centrale under present conditions pays from 4 to 6. I have never known of a case where they paid more than 6.

The CHAIRMAN. Five is about the average?

Mr. BROWNE. It will average, I will say, perhaps, 5 $\frac{1}{2}$ . In other words, the cane raiser is not getting what should come to him; and one of the new developments of the island will improve the condition of the cane raiser. If American capital goes into building centrales at well-located points along the railroad, and then gives the farmer—the cane raiser—what should really come to him, there would be a great deal more money even at the present price of sugar than there is now, and his condition will thereby improve. Then with the reduction in transportation down to living rates and the reduction of the rates of interest, the situation is not so very black.

Senator TELLER. The idea of that is that the centrale with its new machinery will reduce the cost of making sugars out of the cane?

Mr. BROWNE. Very materially; yes.

Senator TELLER. Instead of being a third it will be very much less?

Mr. BROWNE. Yes. Take for instance the statement of Wright & Grimm, who put the five best plants of the island down at 100. The others will average 150 in cost of production. That is 50 per cent more.

Senator TELLER. 150?

Mr. BROWNE. Yes; they will average 150. So on the present crop there is a waste of two and a half million dollars due to antiquated machinery.

Senator TELLER. That is, they could have produced it at two and a half millions less if they had had the improved machinery?

Mr. BROWNE. Yes; they would have saved two and a half million dollars on that one item alone. There are five million bags produced this year, roughly; nearer five and a half millions; or we will call it five millions for the moment. The transportation cost to seaboard is two and a half millions, which under the economic conditions that should prevail will be reduced one million and a quarter right there in proper transportation charges. The interest charges represent another enormous amount, and at present the form of taxation in the island rests too heavily on active capital. Idle property is not taxed. It is the old Spanish system. The wild lands are not taxed.

Senator TELLER. Not at all?

Mr. BROWNE. Not at all.

The CHAIRMAN. Only improved property.

Mr. BROWNE. Only income-producing property. The entire tendency of the reform government there will be to place the tax on property and not on active industry. In other words, if Cuba should have absolute free trade with the world, and place the tax upon property generally, it would raise a sufficient revenue for government needs, and that is the tendency of President Estrada Palma's administration, to shift the taxes from active industry.



The CHAIRMAN. I do not know but that General Wood did something of that kind.

Mr. BROWNE. I think his tendency was in that direction.

The CHAIRMAN. I think he did something in that line.

Mr. BROWNE. The relief from the Spanish system is great; but even to-day there are municipalities in which more revenue is derived from licenses on business than is derived from real estate. A man has to pay \$500 a year license to go into the tobacco business in Habana. He has to pay \$500 to deal in agricultural implements, and he has to pay another \$500 if he sells live stock. All those taxes are onerous and excessive, and hamper the development of the island, and they will be removed very largely. Why, the censos alone, which is the dead hand on an enormous body of property in the island, represents an income of \$20,000,000 a year entirely exempt from taxation. They still tax the poor peasant on his codfish and on his flour, but they are letting machinery in pretty cheap. If they would let it in for nothing they would do better. There are probably 30,000,000 of rentals alone which go out of that island directly to Spain. Fully as much goes to private nonresident landlords as went formerly to Spain in the form of taxes.

Senator TELLER. How does it go? Why is that?

Mr. BROWNE. Because of nonresident landlords; Spanish landlords, who live in Spain. I would not say Spanish landlords alone. I would say Spanish mortgage holders as well as landlords. That is an enormous body of money.

Senator TELLER. That goes out to people who live in Spain?

Mr. BROWNE. Who live in Spain—who live out of Cuba at any rate.

The CHAIRMAN. Principally, I suppose, to Spanish creditors?

Mr. BROWNE. Yes.

The CHAIRMAN. As I understand it there are persons living in Spain who are carrying on active operations in Cuba.

Mr. BROWNE. There are a good many of those Cuban estates which are owned by Spaniards living in Spain, and they are carried on through their agents. For instance, a Cuban living on his estate at the time the insurrection broke out, who has been swamped by the mortgage, compromises with the mortgagee to save heavy legal expenses of the foreclosure, and lives on the estate as its resident-manager under a salary, but the mortgage holder is still in Spain. He is still a mortgage holder and yet he owns that estate. That will never pass back into the hands of the mortgagor.

The readjustment of the incidence of taxation contains the seed of the economic independence of the island, and to obtain its economic independence is quite as important as to obtain its political independence, and the one will come as surely as has come the other. There is at present no sign of a great boom in land in the island. There is an advance from the depression of the war period. There is a steady inflow of outside capital into Cuba, but it has not arrived at such proportion as to create a boom which would necessarily have a disastrous reaction.

There is at present just about enough labor to meet the situation. There is no surplus labor. Probably if more labor went in it would find employment, owing to the fact that the Cuban who has been receiving increased wages has a disposition to earn about so much money and then live a life of leisure. In other words, if he is earning \$200 a year it is all he wants to earn, and if he can earn that in a hundred days he will earn it and then stop, in spite of the fact that he is a

pretty good worker. But I heard some talk among Spaniards that just as soon as the sugar season closed they were going to their estates and discharge all their help to show their distress; but the Americans who are in the island say they wish there was another month in the year.

Mr. Patten says: "I wish there were thirteen months in the year, so I could get my work done;" and said he: "If I could look out of my front door and see a bunch of 150 men looking for work, and could go out there and say, 'I will take 100 of you and let off the other 50,' I would go to bed that night happy." The new men that come in and take up new land encounter a serious problem in getting help, because the Cuban is like a cat. He does not like to move from his home, where he was brought up, and to take him out into the wild country under adverse conditions is a pretty difficult thing. A good deal of the wild land work which has been done in opening the Cuban railway has been done by imported Canary Islanders and Spaniards, who were brought over specially to do that work. A good deal of the work which has been done on the new plantations has been done in the same way by Spaniards and Canary Islanders, who had to be brought in to accomplish this work.

Senator TELLER. They were only brought in for that purpose?

Mr. BROWNE. Yes; I am told that \$300,000 was appropriated from the island treasury to bring labor in to meet the situation in the island, and I do not know that it is in any sense a criticism of the appropriation of that money to say that within ten days after they were landed they were almost all handling picks and shovels on Mr. Van Horne's railway. Of course they worked where there was the greatest demand for labor.

The CHAIRMAN. You say you are told that. Do you know anything about it?

Mr. BROWNE. That is the general understanding in the island, but I do not understand that as any criticism of the island administration. They went where they could get the biggest wages.

Senator TELLER. There were people coming in. There is no doubt about that?

Mr. BROWNE. Oh, yes; thousands and thousands of them. The immigration figures show that. The Spaniard, especially from Galicia, is a splendid worker. He is the Irishman of Spain. He is a hard worker. He is an active, virile man. In fact, he looks Irish and he is Irish. He is a Celt.

Senator TELLER. I want this statement that was put in by Mr. Browne put in evidence.

The paper referred to is as follows:

*List of ingenios in Cuba with their owners, arranged by nationalities.*

#### CUBAN.

Admiracion, Guanajayaboa, heirs of Rita Duquesne.

Aguada, Cardenas, Gabriel Carol.

Alava, Banaguises, widow of Zulueta y Gamiz.

Algorta, Maximo Gomez, Jose Maria Montalvan.

America o Neevo Teresa, San Diego de Nunez, Ducass Francisco.

Andreita, Cruces, Lino Montalvo.

Averhoff, Aguacate, Matias M. Averhoff.

Baracoa, Hoyo Colorado, Juan Atilano Colome.  
 Bramales, Cabanas, Alfredo Labareere.  
 Caney, Manguito, heirs of Serafin Mederos.\*  
 Caridad, Rancho Velos, Juana Pascual.  
 Carolina, Palmira, R. Torriente & C. Valladon.  
 Ceiba, Calabazar de Sagua, heirs of Francisco Lamadrid.  
 Desquite, Canasi, Sebastian Montalvo.\*  
 Dolores, Canasi, heirs of Pedro Calvo.\*  
 Dolores, Remedios, Diego Abreu y de la Torre.  
 Dos Hermanas, Palmira, Nicolas S. Acea.  
 Dos Hermanas, Santa Clara, Marta Abreu.  
 El Salvador, Quemado de Guines, successors of Emilio Cespedes,  
 lessees.

Espana, Perico, widow of Zulueta.  
 Esperanza, Rancho Veloz, L. R. de Martinez Quintana.  
 Fe, Camajuani, Jose M. Espinosa.  
 Guayabo, Calabazar, Sagua, Ricardo Alfonso.  
 Juguetillo, Canansi, Belen Cartaya & Sons.\*  
 La Julia, Duran, Casuso Brothers.  
 Libertad, Cifuentes, Felipe de Pazos.  
 Luisa and Antonia, Corralillo, heirs of Felix Cabello.  
 Manuelita, Palmira, Javier R. Acea.  
 Maria, Manguito, Francisco M. Torriente.\*  
 Mercedes, Guarairas, successors to Andres Carillo.  
 Neda, Colon, Antonio Fernandez Criado.  
 Nueva Paz, Los Palos, Manuel F. Cuervo.  
 Nuestra Senora de los Remedios, Bahia Honda, Cayetano Cordoba.  
 Puerto o Villaroel, Canasi, heirs of Jose Blanco.  
 Reglita, Roque, S. & A. Sardina.  
 San Antonio, Ceja de Pablo, Agustin Riquelme.  
 San Cristobal, San Juan de los Yeras, heirs of Cardoso.  
 San Francisco, Cruces, Marta Abreu.  
 San Isidro, Quemado de Guines, M. A. Longa.  
 San Lorenzo, Cidra, Remigio Arroyo\*.  
 San Jacinto, Cabanas, Leandro Sell y Guzman\*.  
 San Miguel, Santa Clara, Juan Carillo.  
 San Rafael, Caibarien, heirs of Manuel J. de Rojas.  
 Santa Catalina, Maximo Gomez, successors of Alfredo Coffigni.  
 Santa Lutgarda, Ceja de Pablo, Señora de Olivera, administratrix.  
 Santa Rosa, Ranchuelo, Rafael G. Abreu.  
 Santa Rosalia, Camajuani, Llanza y Urgell.  
 Zaza, Placetas, widow of Zulueta.  
 Josefita, Los Palos, Antonio Flores Estrada.  
 Loteria, Jaruco, Pedro Fernandez de Castro.  
 Nuestra, Señora del Carmen, Pedro Fernandez de Castro.  
 Santa Gertrudis, Banaguises, Antonio Gonzales de Mendoza.

## SPANISH ESTATES.

Adela, Caibarien, Zozaya & Co.  
 Aguedita, Manguito, Francisco Rosell.  
 Altamira, Camajuani, Antonto Ortiz.  
 Armonia, Bolondron, Francisco Cuadra.\*  
 Asuncion, Canasi, Angel Ortiz Garcia.\*

Australia, Jaguey Grande, Antonio Alvarez.  
 Bolois, Canasi, Fernando Lopez Cancio.<sup>a</sup>  
 Carmen, Jaruco, Pedro Fp de Castro.<sup>a</sup>  
 Conchita, Alacranes, widow of Pedro Baro.  
 Condesa, Limonar, Menendez, Manas & Co.  
 Constancia, Calabazar de Sagua, Pablo C. Larronda.  
 Cuatro Pasos, Canasi, Jose Bernabeu & Co.<sup>a</sup>  
 Chavarri, Caimito, Julian Chavarri.  
 China, Matanzas, D. P. de la Riva.  
 Dolores, Corral Falso, Francisco Rosell.  
 Dos Hermanas, Roque, Felix Sardinias.<sup>a</sup>  
 Dos Rosas, Cardenas, heirs of Bartholome Casanas.<sup>a</sup>  
 Ariadna, Limonar, Jose Grave de Peralta.<sup>a</sup>  
 Corazon de Jesus, Sagua, Amezagua & Co.  
 Duloe Nombre, Macagua, Arredondo & Pando.  
 Elena, Canasi, Grande & Solaun.  
 Esperanza, Manguito, Manuel Carreno.  
 Fajardo, Gabriel, Benito Arxer.  
 Favorito ó Guizpucoa, Marti, Manuel Arocena Sagastazu.  
 Flora, Bolondron, Jose Saenz.  
 Herculano, Los Palos, Luis C. Roque.<sup>a</sup>  
 Jesus Maria, Cidra, Pedro Sierra.  
 Jicarita, Bolondron, Manuel Diaz & Co.  
 Jobo, San Nicolas, Pedro Laborde.  
 Julia, Limonar, Jose S. Aldecoa.  
 La Asuncion, Cabanas Juan Pedro y Baro.  
 La Vega, Manguito, Tirso Mesa.<sup>a</sup>  
 Las Canas, Alacranes, Adolfo M. del Monte.  
 Los Angeles, Cidra, heirs of Jose de la C. Gutierrez.  
 Luisa, Caobas, heirs of Jose Menendez.  
 Luisa, Carlos Rojas, Rivas & Castenada Brothers.  
 Lutgardita, Quemado de Guines, heirs of Mamerto Pulido.  
 Macagua, Calabazar de Sagua, Duarte & Betharte.  
 Majagua, Union de Reyes, Joaquin Guell and heirs of Alfonso Guell.  
 Mercedes, Roque, Garrigo & Carmol.  
 Merceditas, Melena del Sur, Enrique Pascual.  
 Mi Rosa, Quivican, Gabriel Campos.  
 Montana, Bahia Honda, heirs of Condessa Ibanez.  
 Niquero, Santiago de Cuba, Juan Ramirez.  
 Nosco, ———, Cipriano Picaza.  
 Nuevo Paz, Los Palos, Manuel F. Cuervo.  
 Olimpo, Carlos Rojas, heirs of Amalia Baro.  
 Panchita, Sagua, Rinaldo J. Sandoval.  
 Pastora, San Juan de los Yeras, heirs of Antonio Berenguer.  
 Pelayo, Jaruco, Ramon Pelayo.<sup>b</sup>  
 Perseverancia, Yaquarama, Miguel Diaz.  
 Pilar, Artemisa, Fermin A. de Goicochea.  
 Por Fuerza, Calimente, Manuel Carreno.  
 Portugalete, Cienfuegos, Sotero Escarza.  
 Portugalete, San Jose de las Lajas, Manuel Calvo.  
 Progreso, Lagunillas, Suarez & Ruiz.  
 Providencia, Guines, Pascual Goicochea.  
 Puerto Escondido, Canasi, Jose Diaz Bolenó.

Reforma, Caibarien, Jose Martinez y Fernandez.  
 Reglita, Roque, S. & A. Sardina.  
 Resolucion, Quemado de Guines, heirs of Jose M. Lezama.  
 Resultas, Sagua, Juan de Dios Ona.  
 Salvador, Manzanillo, J. L. Ramirez & Co.  
 San Agustin, Quivican, Francisco Casuso.<sup>a</sup>  
 San Cayetano, Cidra, Julio Alfonso Aldama.<sup>a</sup>  
 San Francisco de Asis, Quemado de Guines, Teodoro Barbace.  
 San Ignacio, Cuevitas, Jose Urbiztondo.<sup>a</sup>  
 San Jose, San Domingo, Julio Rabell.  
 San Jose de Caunabaco, Canasi, Zanetti & Galvez.  
 San Juan Bautista, Canasi, Jose Diaz Bolenó.  
 San Lino, Rodas, Montalvo Brothers.  
 San Manuel Puerto Padre, Francisco Pla y Picabia.  
 San Luis, Manzanillo, Luciano Ruiz.<sup>a</sup>  
 San Pedro, San Pedro de Mayabon, Antonio Fernandez.  
 San Ramon, Mariel, Antonio Balsinde.  
 San Vincente, Jovellanos, Jose Sainz e Izaguirre.  
 San Vincente, Rancho Veloz, Manuel Calvo.  
 Santa Amalia, Coliseo, Gerendiain & Badiola.  
 Santa Catalina, Yaguajay, Jose Carbo.  
 Santa Elene, Matanzas, Grande & Solaun.  
 Santa Lutgarda, Calabazar de Sagua, Jose M. Lopez.  
 Santa Maria, Ranchuelo, Cacicedo & Co.  
 Santa Rita, Madruga, Antonio Galindez.  
 Santa Rosalia, Guira Macuriges, Francisco de P. Coronado.  
 Santisma Trinidad, Santa Isabella de las Lajas, heirs of Conde More.  
 Santisma Trinidad, Tapaste, Marques Real Proclamacion.  
 Santo Domingo, Union de Reyes, Jose Garcia Blanco.  
 Saratoga, Sabanilla, Ernesto Paillete.<sup>a</sup>  
 Socorro, Macuriges, Pedro Arenal.  
 Soledad, Jovellanos, Francisco G. Secade.  
 Teresa, San Nicholas, Manuel Catala.<sup>a</sup>  
 Toledo, Marianao, F. M. Duranona.  
 Union, Cuevitas, Jose Lezama y Larrea. Said to be American.<sup>a</sup>  
 Valiente, Alacranes, Garcia Llana & Co.  
 Vitoria, Yaguajay, heirs of Pablo Gamiz.  
 La Paz, Cardenas, Pedemonte & Co.  
 Fortuna, Alquizar, Jose Garcia Barbon.  
 Corazon de Jesus, Sagua, Amezaga & Co.

#### AMERICAN SYNDICATES, FIRMS, INDIVIDUALS, AND CUBAN-AMERICANS.

Caracas, Cruces, Terry Brothers.  
 Caridad, Gibara, Sanchez Brothers.  
 Cayajabo, Mahruga, Andres Terry.  
 Cieneguita, Los Abreu, heirs of Francisco Sola.  
 Coliseo, Lagunillas, unknown company.  
 Congreso, Nuevitas, Bernabe Sanchez Adan.  
 Constancia, Los Abreu, American syndicate.<sup>b</sup>  
 Chaparra, Puerto Padre, Chaparra Sugar Company.<sup>b</sup>  
 Desempeno, Roque, heirs of Lutgarda Angarica.<sup>a</sup>  
 El Lugareno, Nuevitas, Melchor Bernal.  
 Feliz, Bolondron, Feliz Sugar Company.

Isabel, Cifuentes, Cuban-American Sugar Company.<sup>a</sup>  
 Hormiguero, Camarones, Elias Pouvert for Syndicate.<sup>b</sup>  
 Indio, Amarillas, Ponce de Leon Brothers.  
 Isabel, Manzanillo, Beathe & Co.<sup>a</sup>  
 Juragua, Castillo Jagua, widow of Antonio Terry.  
 La Rosa, Carlos Rojas, Cristobal Madan.  
 Limones, Limonar, Emilio Terry.  
 Lucia, Hoyo Colorado, Perfecto Lacoste.  
 Mapos, Sancti Spiritus, Francisco del Valle Iznaga.  
 Merceditas, Cabanas, Merceditas Sugar Company.  
 Narcisa, Yaguajay, Narcisa Sugar Company.  
 Natividad, Sancti Spiritus, F. L. del V. Iznaga.  
 Occitania, Macagua, heirs of Himely.  
 Oceano, Yaguajay, Narcisa Sugar Company.  
 Precioso, Cardenas, Condit-Smith, Castro & Co.<sup>a</sup>  
 Purio, Calabazar de Sagua, Tomas de Ona.  
 Rosario, Aguacate, Rosario Sugar Company.  
 San Antonio, Madruga, Compania Azucareria (Sp.-Am.).  
 San Fernando, Sancti Spiritus, Francisco L. del V. Iznaga.  
 San Jose, Melena del Sur, Carolina Lacoste.<sup>a</sup>  
 San Rafael, Bolondron, Julia Moliner de Jorin.  
 San Ramon, Manzanillo, unknown company.  
 Santa Amalia, Lagunillas, Taylor heirs.  
 San Francisco, Santa Cruz del Sur, San Francisco Sugar Company.  
 Santa Barbara, Roque, Mrs. M. M. Coronado.  
 Santa Filomena, Macuriges, Leandro Soler y Morell.  
 Santa Isabel, Santiago de Cuba, Ramirez heirs.  
 Santa Lucia, Gibara, Sanchez Brothers.  
 Santa Maria, Guantanamo, Fernando Pons.  
 Nombre de Dios, Habana, Pons & Co., lessees.  
 Santa Rita, Roque, Leandro Soler y Morell.  
 Santa Teresa, Manzanillo, Rigney & Co.  
 Saratoga, Sagua, Francisco Seglie.  
 Senado, Nuevitas, Bernabe Sanchez Adan.  
 Soberano, Yaguajay, Narcisa Sugar Company.  
 Teresa, Campechuela, unknown company.  
 Teresa, Cruces, Andres Terry.  
 The Francisco Sugar Company, Guayabal.<sup>b</sup>  
 Tinguaro, Perico, Cuban-American Sugar Company.<sup>b</sup>  
 Triumvirato, Cidra, sons of A. M. Alfonso.  
 Triumvirato, Calabazar de Sagua, Manuela Larrondo.  
 Tuinicu, Sancti Spiritus, Tuinicu Cane Manufacturing Co.  
 Unidad, Calabazar de Sagua, McCulloch Brothers.

In addition to the above are the extensive holdings of the United Fruit Company, a \$20,000,000 corporation, and the holdings of the Cuba Company, generally known as the Van Horne Syndicate, now amounting to upward of 180,000 acres, along the lines of its new railroads, principally in valuable timber and unimproved wild lands, with extensive terminals on Nipe Bay, where the company proposes to build a city and invest several million dollars in docks and terminal improvements. The principal shareholders in the Cuba Company are Sir William Van Horne, James J. Hill, William C. Whitney, Henry G. Whitney, E. H. Harriman, Mr. Ryan, of the Seaboard Air Line, T. Sanford Beatty, Harry Terry, Mr. Bull, and G. M. Dodge.



## OTHER FOREIGN HOLDERS OF SUGAR ESTATES.

Carmen, Macuriges, C. Heckmann, agent for H. Moenck (German).  
 Dos Hermanas, Cruces, Fowler heirs (English).  
 El Carmen, Gibara, Manuel de Silva (Portuguese).  
 Hatillo, Santiago de Cuba, Lautelade & Co. (French).  
 Lequeito, Cartagena, Sociedad Ferrocarriles y Centrales Reunidos,  
 Directon, Agustin Goitizolo (English).  
 Margarita y Teresa, ———, Scull heirs (German).  
 Marina, Calabazar de Sagua, Jose M. Faville (French).  
 Nena, Manguita, Antonio Gomez Araujo (Portuguese).  
 San Agustin, Lajas, Sociedad F. C. y Centrales Reunidos (English).<sup>a</sup>  
 San Antonio, Guantanamo, Louis Redon (French).  
 San Sebastian, Alto Songo, Brooks & Co. (English).  
 Romelie, Guantanamo, Brooks & Co. (English).  
 Santa Ysabel, Manzanillo, Brooks & Co. (English).  
 Soledad, Guantanamo, Brooks & Co. (English).<sup>b</sup>  
 Santa Teresa, Sagua, Rivalta heirs (French).  
 Santa Catarina, Union de Reyes, M. Heydecker (German).  
 Santo Tomas, Potrerillo, Manuel de Silva (Portuguese).  
 Union, Santiago de Cuba, Santiago Rousseau (French).

Well-informed Germans claim that German capital to the extent of \$200,000,000 is invested in Cuba, and it is acknowledged that German interests control the tobacco trade, despite recent heavy investments of American capital.

Senator TELLER. Is there any thing else you want to say?

Mr. BROWNE. I think that covers it, unless there is something further in connection with sugar holdings. I can make a further statement in elaboration of what I have already stated in regard to how the advance of money on sugar controls the crop. As I stated before, there has ceased to be competition in the purchase of the Cuban crop. The ingenio owner, where he is an American, or where it is an American corporation, has usually come in close touch with an American refining interest. For instance, what are known as the Hawley estates are in close touch with B. H. Howell's Sons & Company, of New York, who stand as the heavy shareholders in and purchasing agents for the National Sugar Refining Company. B. H. Howell's Sons & Company are also shareholders in these two Cuban estates and are generally understood to have interests in certain others with which Mr. Atkins is identified. The American Sugar Refining Company, through Mr. Havemeyer, has similar interests and similar connections.

The CHAIRMAN. Where?

Mr. BROWNE. Mr. Havemeyer's own testimony on that ground covers those holdings.

The CHAIRMAN. That is what I wanted to know.

Mr. BROWNE. There are others that are claimed to be Havemeyer properties, and are called Havemeyer properties in Cuba. I understand Mr. Havemeyer denies that he owns them. What are known as the Sanchez estates are called Havemeyer estates in Cuba. Whether the connection is by ownership or by advance of money or not, I do not know.

<sup>a</sup> Ingenios with modern plants and appliances.

<sup>b</sup> In process of reconstruction.

The CHAIRMAN. It has been testified here that it is not any connection.

Mr. BROWNE. I merely say they are known as Havemeyer estates, and they are very large.

Senator TELLER. Those are the Mosles?

Mr. BROWNE. They involve Santa Lucia, in Santiago de Cuba, and El Congreso and El Senado, in Puerto Principe. They are estates of the largest character and very heavy producers of sugar. Estates of this class borrow their money in New York, Boston, or other American centers, where they can get it at a very low rate, and operate directly through principals in the United States.

The CHAIRMAN. I have let you go on, Mr. Browne, pretty freely. Do you know that those estates borrow any money anywhere?

Mr. BROWNE. I can say the Tinguaro estate borrows money in New York.

The CHAIRMAN. I am not talking about the Tinguaro estate.

Mr. BROWNE. I am speaking generally of the class.

The CHAIRMAN. You spoke of the Sanchez estate.

Mr. BROWNE. No; I speak of them as representing a class, and then spoke of the class.

The CHAIRMAN. Do you think the Sanchez estates borrow any money in the United States?

Mr. BROWNE. I do.

The CHAIRMAN. Do you know anything about it?

Mr. BROWNE. Just this. I will say there is not an estate in Cuba, no matter how large, which does not borrow money on the making of the crop, just as any big American interest borrows money at the crucial point of its business. It is good business to borrow money.

The CHAIRMAN. I just want you to get down——

Mr. BROWNE. Mr. Atkins in his own testimony——

The CHAIRMAN. Never mind about Mr. Atkins. I want to know whether you know that the Sanchez estates borrow any money in the United States.

Mr. BROWNE. No, sir; I can not swear that they borrow a cent.

The CHAIRMAN. Then do not say it.

Mr. BROWNE. I do not. I merely speak of them as representing a class.

Senator TELLER. If he testified what appears in the record he will swear that they do, because Mr. Mosle testified that they did borrow. He testified most certainly and positively that they were still furnishing them money right now.

Mr. BROWNE. In the same way I can not swear that Mr. Atkins did, but Mr. Atkins says he did.

The CHAIRMAN. Is it not better for a witness to confine himself to his knowledge than to his guesswork or what he has heard?

Senator TELLER. There are certain things that are known as a matter of course. Whenever crops begin to move we know that money must go West. Everybody knows that. There is a demand in the East for money to move the crops; and just so when they make sugar, there is a demand on the United States for money to make it.

Mr. BROWNE. My purpose in making the statement was not to pin a debit on to any particular estate, but to illustrate a condition—that the big American interests can get money very cheaply, and therefore

have a vast economy at that one point in making sugar which will gradually extend to other estates as capital flows into the island. The same is true in regard to the transportation on those estates which are near water. They can determine the freights in New York instead of having to determine their freights in Cuba, and therefore effect another great economy; and so with the application, so far as they have gone, of extensive farming methods, as to the effect on economy. That does not apply to the little fellow with the wooden plow. Cuba is going through the same transition that New England did. I remember as a boy on a farm that we used to raise corn, and could make a little money on corn.

The CHAIRMAN. Where was that?

Mr. BROWNE. That was up in New Hampshire. Nobody has made any money on corn in New Hampshire in a great many years.

The CHAIRMAN. They are finding out in New England that it is better to raise corn than to buy it.

Mr. BROWNE. Just in the same line as the New England farmer can still raise corn so the little Cuban farmer will continue to raise cane and make money out of it, because if he does, what he gets net is his wages, and he has his land planted in cane. He does not have to replant it again, and he has to cut it when it gets ripe, so he will still make his living out of cane. You can not starve him. All he has to do is to go out in a mango grove and eat mangoes, even under worse conditions than prevail to-day. That is what he did during the insurrection. The smaller centrales, not those with New York connections and American connections, pass their sugars through the hands of a series of brokers, paying heavy charges—first, in interest; second, in transportation; third, in storage, and fourth, in commissions, which are deducted from the gross price paid them for their sugar. Even at that they make money, when you do not consider their mortgage indebtedness.

The CHAIRMAN. What is your business, Mr. Browne?

Mr. BROWNE. I am by profession a newspaper man. I am getting out of the newspaper business, however, and into outside matters.

The CHAIRMAN. What outside matters?

Mr. BROWNE. I have a business here in Washington which consists in furnishing outside interests with what I call inside news from Washington, the sort that gets blue penciled out of the papers. It is quite an extensive syndicate, and my relations are largely confidential with the individuals who compose it, but I find it pays better than newspaper work.

The CHAIRMAN. What do you call your enterprise?

Mr. BROWNE. I call it H. J. Browne & Co.

The CHAIRMAN. A bureau of information?

Mr. BROWNE. It is a bureau of information.

The CHAIRMAN. How long have you been engaged in that?

Mr. BROWNE. It has been about two years since I started it.

The CHAIRMAN. Do you take employment from business interests to furnish information?

Mr. BROWNE. I presume that is a fair way of stating it. I furnish information from Washington for compensation.

The CHAIRMAN. Have you taken employment from the beet-sugar interests to furnish information on this subject?

Mr. BROWNE. I have not.

The CHAIRMAN. What interests you in it sufficiently to go to Cuba and gather all this information?

Mr. BROWNE. I represented in Cuba an American concern which desires to place some machinery in Habana. I would not like at this stage of the proceedings to mention what it is, but that was the main cause of my going to Habana. We have some very large interests that we expect to place there that involve a large amount of money.

The CHAIRMAN. Is that all the occasion you had to go to Habana?

Mr. BROWNE. That was the principal occasion.

The CHAIRMAN. Were you employed by Mr. Oxnard?

Mr. BROWNE. I was not.

The CHAIRMAN. Have you not been employed by him or by anyone else representing beet-sugar interests in this matter here before Congress?

Mr. BROWNE. I have not.

The CHAIRMAN. Neither directly nor indirectly?

Mr. BROWNE. In neither way. I would say this—well, I do not think I will say it. I think it is in a sense confidential. I have furnished information for compensation to a great many interests. I do not think it would be quite fair to extract from me whether I furnished interests identified with Mr. Oxnard with information for compensation; but that is entirely in line with the furnishing of information, and not in the sense of obtaining information in Cuba. The information is from Washington, and relates to prospective action by Congress.

The CHAIRMAN. I want to know whether you have not been employed by Mr. Oxnard in this matter that is pending before Congress.

Mr. BROWNE. Not in this matter. Not in the matter in which I am before this committee, and not in any matter before Congress compelling me to appear before a committee or before a member of Congress to any way lobby or seek to influence legislation.

The CHAIRMAN. But just keep down to the question; are you not in pay of Mr. Oxnard?

Mr. BROWNE. I am not.

The CHAIRMAN. Are you not paid by Mr. Oxnard or his beet-sugar friends for your services in any way?

Mr. BROWNE. I am not.

The CHAIRMAN. Not even for furnishing information to them?

Mr. BROWNE. I am not.

The CHAIRMAN. What is the explanation for your taking so much interest as you have taken in this matter?

Mr. BROWNE. My interest is largely the discussion and discovery of an economic situation in Cuba.

The CHAIRMAN. And you have gone into it without hope of fee or compensation?

Mr. BROWNE. I think I shall make a good deal of money out of it, Senator, before I get through; but I am not looking to the beet-sugar interest, if that is what you mean, for compensation, or to any interest allied with it, for compensation. I shall be able to place considerable newspaper matter and a number of magazine articles on the strength of the information I have obtained, and it clears up the ground for a good deal of business I am interested in.

The CHAIRMAN. You have been very active in this matter, have you not?

Mr. BROWNE. I do not think so.

The CHAIRMAN. You have devoted your time to it for a month or two past, have you not?

Mr. BROWNE. I have not devoted all my time to it for a month or two past. I have devoted considerable time to it in Cuba this last trip because it was essential to do so.

The CHAIRMAN. You were trying to get witnesses before this committee, were you not?

Mr. BROWNE. There was one witness who came before the committee upon my recommendation, Mr. Bryson. That was solely due to the fact that he was a man whom I knew intimately, and whom I knew was well posted on the situation.

The CHAIRMAN. You thought he was well posted on the situation, did you?

Mr. BROWNE. Yes; I know he was well posted on the situation.

The CHAIRMAN. Did you entertain that idea after he got through testifying?

Mr. BROWNE. I still know it. Mr. Bryson is perhaps a little unfortunate in his manner. He is very modest and diffident and easily disconcerted. He felt he was in a hostile atmosphere and did not do himself justice, by any means.

Senator TELLER. Why do you say he was well posted?

Mr. BROWNE. Because he has lived in Cuba for years.

Senator TELLER. You knew about that, did you?

Mr. BROWNE. Oh, yes; I have known Mr. Bryson for many years.

The CHAIRMAN. What was your first occupation in Cuba in 1898?

Mr. BROWNE. I went to Cuba in 1898 in charge of what was at the time known as the New York Journal Congressional commission. That was a project which originated with me, and was carried out by me at the direction of the Journal. I was then the Journal's Washington correspondent.

The CHAIRMAN. And later, I do not remember the year——

Mr. BROWNE. I went down there on a business matter in 1900, and spent some time there.

The CHAIRMAN. What was your business in visiting Cuba in 1900?

Mr. BROWNE. Just to make a business investigation.

The CHAIRMAN. For whom?

Mr. BROWNE. Well, I shall have to request that that question be not pressed. There were business interests that were confidential.

The CHAIRMAN. The New York Journal, still?

Mr. BROWNE. It was not the New York Journal.

The CHAIRMAN. Did you go down the last time with the New York Journal excursion?

Mr. BROWNE. Do you mean this time?

The CHAIRMAN. Yes.

Mr. BROWNE. No; I did not. I had no connection with the Journal. I had no newspaper connection whatever.

The CHAIRMAN. Did you go down with Mr. Thurston and Mr. Money and others.

Mr. BROWNE. I did not. I had absolutely no connection with them.

The CHAIRMAN. You went down by yourself, alone?

Mr. BROWNE. Yes, sir.

The CHAIRMAN. What papers have you represented except the New York Journal here in Washington?



Mr. BROWNE. The only paper I have represented in Washington since my connection with the New York Journal is the Detroit To-Day.

The CHAIRMAN. You have been in pretty constant consultation with the representatives of the beet-sugar interests since this matter came up in Congress, have you not?

Mr. BROWNE. I presume I have seen every man who came here on the beet-sugar business as often as I could get news out of him. I have not seen them so often as I have seen Senator Teller, or so often as I have seen William Alden Smith, or the members of the Michigan delegation. Michigan and Detroit, particularly, are interested in this question of reciprocity; so I had a reasonable excuse for seeing them.

The CHAIRMAN. And you think you have not gone any further in trying to influence legislation than to try to get news?

Mr. BROWNE. I think that that would be stating the thing very accurately. I have never approached a Member or a Senator requesting or suggesting legislation or opposing it.

Senator TELLER. You mean by that you have not been urging——

Mr. BROWNE. I am not a lobbyist. I am not urging legislation nor opposing legislation, in the sense that I appear before any committee or any individual member of Congress, either in the Senate or in the House. The fact that I may have views on the question does not have any bearing on the matter. I have a right to have views or not to have views.

The CHAIRMAN. Who prepared this list that you have produced here of the people who hold sugar estates?

Mr. BROWNE. It was prepared by a gentleman named Nestor M. Quintero, as I have testified.

The CHAIRMAN. Who is he?

Mr. BROWNE. He is the editor of the Habana and Cuba Commercial Directory. He is a nephew of Guzman Blanco, as I stated before, the former dictator of Venezuela. He fled from Venezuela at the time the government of Blanco was overthrown, and has since been a resident of Habana. He is a man of the very highest standing from every point of view. His statement is accepted in the island as an accurate statement on all the material he prepares. He issues an annual publication.

The CHAIRMAN. Has he published heretofore these statistics or a list of holdings which you present here?

Mr. BROWNE. Not in this form. He has published every year in the Habana Directory a list of the ingenios of the island. The Directory for 1902 is not yet out. This is that list brought up to date and classified according to the nationality of the holder, something which has not hitherto been undertaken.

The CHAIRMAN. You think he knows about that, do you?

Mr. BROWNE. He is accepted in Habana as authority. His publication is regarded as an authoritative publication.

The CHAIRMAN. I see that in the list of Spanish estates which he furnishes you have "Conchita, Alacranes, widow of Pedro Baro." Do you call the Conchita estate a Spanish estate?

Mr. BROWNE. I am not going to attempt to pass judgment on a single one of those estates. I furnish the list as it is furnished to me by a gentlemen who is competent to prepare it. There are very few



estates in the island on which I can claim to have personal and accurate knowledge. That would involve months of work in going over records to obtain the record.

The CHAIRMAN. You do not know anything about this Conchita estate, then?

Mr. BROWNE. I will not attempt to answer on Conchita.

The CHAIRMAN. If it be true that it is carried on by Juan Pedro, who is a Cuban citizen, that would be one mistake, would it not?

Mr. BROWNE. Not necessarily. To illustrate, I will give you another case——

The CHAIRMAN. Why would it not be? Well, go ahead and illustrate.

Mr. BROWNE. He may be merely the manager. A gentleman by the name of Mendoza appeared before the House committee as representing a very considerable estate which he said was his estate. It is not his estate, and before he got through he admitted that he merely managed the estate. The estate belongs to his brother. I name that estate because it was called to my particular attention. If you will hand me the list; it is one of the large Cuban estates. I think I have that on the list. Yes; here it is: "Santa Gertrudis, Banaguises." It belongs to Antonio Gonzales de Mendoza, who was chief justice under General Brooke. It was not he who appeared before the committee. The man who appeared before the committee said it was his estate. Before he got through he admitted he was merely the manager of the estate. Being the manager of an estate and being the owner of an estate are two separate propositions.

The CHAIRMAN. Was this Mendoza the chief justice you speak of?

Mr. BROWNE. Yes; under Brooke.

The CHAIRMAN. And residing in Cuba?

Mr. BROWNE. Yes.

The CHAIRMAN. Holding the office of chief justice?

Mr. BROWNE. Yes.

The CHAIRMAN. And owning the estate?

Mr. BROWNE. Yes.

The CHAIRMAN. You still call that a Spanish estate, do you?

Mr. BROWNE. No; I say it is a Cuban estate, but I merely say the resident manager does not necessarily mean the owner.

The CHAIRMAN. That is a Cuban estate?

Mr. BROWNE. That is a Cuban estate. It is named here as a Cuban estate—Santa Gertrudis, Banaguises. But I simply say the gentleman who appeared before the House committee and said he was the owner of the estate was not. So the mere fact that somebody else may be resident on the estate and managing it does not prove the ownership at all.

The CHAIRMAN. This list is prepared to show not the people who are actually conducting the business on these estates, but the people who have the title. Is that it?

Mr. BROWNE. Exactly. That is correct.

The CHAIRMAN. So that on all these Spanish estates the business might really be conducted by Cubans?

Mr. BROWNE. Very likely. In many instances they are. I stated in my testimony that frequently an estate which had been mortgaged by the Cuban owner prior to the outbreak of the war in the process of

amicable liquidation passes into the hands of the mortgagee, so far as actual ownership is concerned, though the former Cuban owner is still the resident manager. That is very generally the condition.

The CHAIRMAN. What you asked this gentleman for, then, or what he purported to give you, was the actual title ownership of the estates?

Mr. BROWNE. Yes; of the ingenios or the centrales.

The CHAIRMAN. And not by any means the citizenship of the persons who were in actual management?

Mr. BROWNE. It does not involve the management of the estates at all. For instance, Tinguaro is put down as belonging to a certain company. Its active resident manager is a Mr. Patten. Mr. Patten's name is not put down, but the name of the company that owns Tinguaro is put down.

Senator TELLER. Patten is the superintendent, is he?

Mr. BROWNE. He is the superintendent.

The CHAIRMAN. He is more than that, is he not?

Mr. BROWNE. No; I think he is the superintendent. I do not think he is an official of the company. He is the superintendent of the estate.

The CHAIRMAN. And he has no interest in it?

Mr. BROWNE. He may have an interest, but I think the interest he has is as a shareholder. I am pretty certain he is not even in the directory. Any way, the estate is named there as belonging to a certain company.

The CHAIRMAN. I understand you know nothing personally about this ownership?

Mr. BROWNE. Except in rare instances. When a man says he knows a thing personally, he should state that only after he has made a personal search of a record. He may have a guarantee title company search the records and furnish an abstract of title, and still he is not entitled to say that he knows personally of the ownership of an estate. In fact, I do not know that he knows it if he examines it himself, because the title may have passed and not be recorded. When a man is pinned down to what he knows personally, he does not even know that he is alive, sometimes.

The CHAIRMAN. What is the name of Mr. Atkins's estate?

Mr. BROWNE. Trinidad.

Senator TELLER. He has two, has he not?

Mr. BROWNE. Trinidad is the one he has the largest personal interest in.

Senator TELLER. He has not so much interest in that as Havemeyer has?

Mr. BROWNE. No; but the other one is smaller. Trinidad is a centrale and buys more or less cane. There are lots of places known by other names that really come into the Atkins holdings, but they grind at Trinidad.

The CHAIRMAN. Have you been there?

Mr. BROWNE. No.

The CHAIRMAN. Is it not a fact that his principal business is at Soledad?

Mr. BROWNE. I think Soledad is larger than Trinidad.

The CHAIRMAN. Is not that where Atkins's headquarters are?

Mr. BROWNE. I would not answer as to that. They are both very considerable places, and he can have headquarters at both places. I

imagine he may want to be at one as much as at the other. Mr. Atkins is identified with Trinidad because he has been at Trinidad for so many years. People think of Trinidad before they think of Soledad.

The CHAIRMAN. I am not asking for your imaginings. We have quite a good many of them already. I am not asking for them.

Mr. BROWNE. I try to give you information, Senator, and not anything which is inaccurate. Will you allow me to observe, because it is partly in answer to a previous question of yours, Senator, as to the Mendoza estate? The fact that a man held office under the military government does not in any sense determine citizenship. He might be a Spaniard, or he might be an American. Plenty of Americans held office under the military government.

The CHAIRMAN. Were there Spaniards who held office?

Mr. BROWNE. Oh, yes; there have been plenty of Spaniards who held office under the military government.

The CHAIRMAN. Just name some of them, if you please.

Mr. BROWNE. I would not like to do that unless I had a Habana directory in front of me and had an official list. I could name you some Americans who held office under this government.

The CHAIRMAN. Oh, yes.

Mr. BROWNE. I can name you some Cuban-Americans who held office under the government and still claim to be naturalized Americans.

The CHAIRMAN. Undoubtedly.

Senator TELLER. A young man from Colorado called on me the other day who has been down there since the first occupation, and he was in office all the time.

Mr. BROWNE. I make the broad assertion that citizenship is not determined by holding office under the military government.

The CHAIRMAN. Under the head of American syndicates, firms, individuals, and Cuban-Americans you have here the "Congreso, Nuevitas, Bernabe Sanchez Adan." Do you understand that the Congreso is producing any sugar, or has, since the revolution?

Mr. BROWNE. My understanding is that the Congreso has been producing some cane.

Senator TELLER. Whose company is that? Is that one of Hawley's?

Mr. BROWNE. No; that is one of the disputed estates, and I want to show that this list has been prepared with such care that where the dispute came up the gentleman who prepared it did not take even popular estimation. The Congreso is one of the estates that is known as a Havemeyer estate, but he enters it under the name of the individual under whom the title on the record rests; and yet it is my impression that Mosle Brothers came before the committee and testified that they owned that particular estate.

The CHAIRMAN. I asked Mr. Mosle this question, Mr. Mosle having said the Congreso is defunct, destroyed. I asked him then:

"Have either the American Sugar Refining Company or Mr. Havemeyer anything to do with the matter?"

"Mr. MOSLE. Nothing whatever.

"The CHAIRMAN. Have they had at any previous time?"

"Mr. MOSLE. No, sir.

"The CHAIRMAN. Did Mr. Havemeyer advance the money for the machinery and improvements?"

"Mr. MOSLE. Never."

Now, do you say Mr. Havemeyer is interested in that?

Mr. BROWNE. At no stage have I said that Mr. Havemeyer had an interest. I simply said they are considered Havemeyer estates in the island.

The CHAIRMAN. Well, what I want to get at is whether they are Havemeyer estates.

Mr. BROWNE. I do not know of any way you can find out. Certainly you can not find out from me.

The CHAIRMAN. Mr. Havemeyer denies it, Mr. Mosle denies it, and still you say they are Havemeyer estates.

Mr. BROWNE. I beg your pardon. I contradict that. I did not say they are Havemeyer estates. I say they are considered Havemeyer estates in the island. On that list they are not entered as Havemeyer estates. They are not even entered as Mosle's estates.

The CHAIRMAN. Do you understand that the Congreso is producing any cane?

Mr. BROWNE. I understand that it is producing cane, but the centrale is destroyed.

The CHAIRMAN. Do you know whether it is or not?

Mr. BROWNE. I have not been on it, therefore I can not know what I have not seen myself.

The CHAIRMAN. It is put down here as being owned by Bernabe Sanchez Adan. Do you call that an American syndicate, firm, or individual, or Cuban-American?

Mr. BROWNE. It is entered under the head of American ownership.

The CHAIRMAN. Why is it entered under the head of American ownership?

Mr. BROWNE. I presume because that is what the record shows—that it is American ownership.

The CHAIRMAN. But it is denied in this testimony.

Mr. BROWNE. I do not understand that it was denied to be American ownership.

Senator TELLER. On the contrary, it is asserted by Mr. Mosle that it is an American estate.

The CHAIRMAN. I beg your pardon.

Senator TELLER. I do not think I can be mistaken about it. He denied it was a Havemeyer estate.

Mr. BROWNE. He says it is his own business.

The CHAIRMAN. He says what?

Mr. BROWNE. I have not seen this testimony, Senator, but merely a newspaper extract from it. It left me under the impression that Mr. Mosle said it belonged to him or his firm.

The CHAIRMAN. Not at all. He said he had a mortgage on it.

Mr. BROWNE. It amounts to the same thing; and I will the more emphatically say it is considered an American estate if Mr. Mosle has a mortgage on it.

The CHAIRMAN. Do you call all the estates down there on which an American has a mortgage American estates?

Mr. BROWNE. Not all. I do that one.

The CHAIRMAN. You say you do not know anything about it personally?

Mr. BROWNE. No; but since he himself says he has a mortgage on it, I say more emphatically that the sentiment in the island that it is a Havemeyer estate is correct. I will say more emphatically that it is

a Havemeyer estate, and I will give you some reasons, if you care for those reasons.

The CHAIRMAN. Yes; I should like them.

Mr. BROWNE. There are three huge estates in the island known as the Sanchez estate, the Santa Lucia, El Congreso and El Senado. They represent a value in the aggregate of not less than \$5,000,000, and when an obscure firm of sugar brokers in New York, like Mosle Brothers, suddenly spring up from their obscurity into a condition in which they can handle millions of dollars, it is pretty certain there is somebody back of Mosle Brothers, and there is only one man who can be named, and that is Havemeyer. I think that is pretty good reasoning.

The CHAIRMAN. Are all your conclusions based upon as few facts as that?

Mr. BROWNE. I will answer each question as you ask it, Senator. My conclusion on that is based on those facts.

The CHAIRMAN. Why do you get excited about this matter?

Mr. BROWNE. I want to get the point pretty well home.

The CHAIRMAN. You say the Congreso is a very large producing estate there?

Mr. BROWNE. I say the three of them. I did not say sugar-producing estates. I said three very large estates.

The CHAIRMAN. This huge estate of yours——

Mr. BROWNE. Three.

The CHAIRMAN. This one particular huge estate of yours——does it produce any sugar?

Mr. BROWNE. I have said several times that it produced some cane.

The CHAIRMAN. How much?

Mr. BROWNE. I can not tell you. I can tell you what it has produced.

The CHAIRMAN. Since the war?

Mr. BROWNE. I won't say, because I want to give you its largest production and what it is capable of producing.

The CHAIRMAN. I am not asking about what it is capable of producing. Any land is capable of producing sugar if it is sugar land. Why do you call it a huge sugar estate?

Mr. BROWNE. Because the three Sanchez estates taken together are one of the largest sugar properties in the island—the Sanchez properties taken in the aggregate.

The CHAIRMAN. You know this one produces no sugar, do you not?

Mr. BROWNE. The centrale is destroyed, I am told; but that does not prevent their grinding cane somewhere else.

The CHAIRMAN. Do you know whether they grind any cane from that estate?

Mr. BROWNE. Yes; I have been told they have been grinding over on the other estate. They are twin estates.

The CHAIRMAN. How far apart are they?

Mr. BROWNE. I can't tell you. They are within hauling distance. They both run into a single port there. I think it is Nuevitas. If I had the map in front of me I could give you a little more accurate information. It is the same with Tinguaro. The two big cane estates on Tinguaro are 20 miles apart.

The CHAIRMAN. The next one is El Senado, which is put down here as being owned by Bernabe Sanchez Adan, and yet it is put down as

an American syndicate or a firm or an American individual or a Cuban American.

Mr. BROWNE. That is in the same category as the other. The same people own it.

The CHAIRMAN. A little while ago you were saying that an estate was a Spanish estate because it was owned by a Spaniard.

Mr. BROWNE. Yes.

The CHAIRMAN. Is not Sanchez a Spaniard?

Mr. BROWNE. I do not know whether Sanchez is a Spaniard or not. I do not think it covers the question of the ownership of that estate. There is better testimony than I am giving in regard to that estate. Mr. Mosle testifies he has a mortgage on it, does he not?

The CHAIRMAN. And as I said before, do you wish to be understood that that determines whether an estate is an American estate or not, if a man has a mortgage on it?

Mr. BROWNE. I will pass on each estate that I have any information about, when asked. In that particular case it means the ownership of that estate is practically in the hands of Americans.

The CHAIRMAN. Will you answer my question?

Mr. BROWNE. I will answer it to the best of my knowledge and belief. I will not answer the question in a way that will place me in a false position.

The CHAIRMAN. I ask this question——

Senator TELLER. You are not obliged to answer it as the Senator puts it, either, Mr. Browne, because he does not put it as you have put it.

The CHAIRMAN. I ask this question: Simply because an American has a mortgage on an estate, do you call that estate an American estate?

Mr. BROWNE. Not simply because he has a mortgage on it, unless there are other facts connected with it.

The CHAIRMAN. Now, Mr. Mosle or his firm has a mortgage on this estate. You say that makes this estate or these estates American estates?

Mr. BROWNE. That with the other facts connected with it makes it an American estate.

The CHAIRMAN. What are the other facts which you know that make it an American estate?

Mr. BROWNE. The other facts which I feel competent to testify to are that the estate was mortgaged, that the mortgage fell into the hands of American interests, whereby they practically acquired title to the estate, and as soon as the stay-laws, which have been in operation for years, are suspended, efforts will be made to transfer the mortgage.

The CHAIRMAN. What is the amount of the mortgage?

Mr. BROWNE. It runs into the millions. I think it runs up to over \$3,000,000.

The CHAIRMAN. The estate is worth \$5,000,000?

Mr. BROWNE. Remember, that mortgage has been running at a high rate of interest for over six years.

The CHAIRMAN. Do you know whether the interest has been paid on it?

Mr. BROWNE. I do not.

The CHAIRMAN. Do you know anything about it?



Mr. BROWNE. I do not.

The CHAIRMAN. Do you know anything of your personal knowledge of the matters about which you are testifying?

Mr. BROWNE. I know sufficiently to testify. There are many things which no human being can testify that he knows of his own personal knowledge, because he is obliged at every step of his life to accept the information of other men. I would not testify that at the present moment President Roosevelt is alive. I could not do it of my own personal knowledge, yet I have every reason to say that at the present time President Roosevelt is alive.

The CHAIRMAN. Do you know from your personal knowledge or in any other way that there is even a \$2,000,000 mortgage on these estates?

Mr. BROWNE. I testified that I knew it according to the best of my knowledge and belief.

The CHAIRMAN. On what some one has told you?

Mr. BROWNE. On information that I have derived from many sources.

Senator TELLER. We have the evidence here that they hold a large amount against that estate.

The CHAIRMAN. We have evidence here that they hold a mortgage.

Senator TELLER. Well, we did not go into it as to what the mortgage was.

The CHAIRMAN. I am trying to find out from this witness.

Senator TELLER. You ought to have found out from your own witness, if you wanted to know. You brought him here. He was not our witness.

Mr. BROWNE. I am told that there is information in the colonial bureau, under Mr. Edwards, relating to mortgages in Cuba which has never been furnished Congress. A great deal of it was printed in Cuba some time ago. I have failed to lay my hands on it, but it was prepared at the request of the governor-general, and it may contain the particular information you want. There is certain other information that is probably obtainable from the same source. In the agricultural questions that were asked in the census——

The CHAIRMAN. Did you think I was asking where I could get information?

Mr. BROWNE. I did not understand that you were asking me. At the same time, I had no thought that the——

The CHAIRMAN. You understood that you were under cross-examination, and that I was asking you questions, did you not?

Mr. BROWNE. I beg your pardon. There is some information in the census that seemed to throw a little light on the questions you asked. I did not know that you were unwilling to have it called to your attention.

The CHAIRMAN. The Providencia is put down in the list of Spanish estates in this paper. Do you know anything about that?

Mr. BROWNE. I do not.

The CHAIRMAN. It has been testified heré that it is owned by Cubans.

Senator TELLER. Who testified to it?

The CHAIRMAN. Mr. Rionda.

Senator TELLER. He did not know anything more about it than the man in the moon.

The CHAIRMAN. He said he had all the sugar from it. He ought to know.

Mr. BROWNE. What is the name of the owner, as given there?

The CHAIRMAN. Pascual Goicochea.

Mr. BROWNE. May I look at it just a moment? I do not want to attempt to volunteer much information on a list prepared by a man who knows a great deal more about it than I do. Did you say Providencia?

The CHAIRMAN. Yes.

Mr. BROWNE. Yes; Guines, Pascual Goicochea.

The CHAIRMAN. If that is a Cuban incorporated company, the man who furnished you with this did not get it right, did he?

Mr. BROWNE. I don't think I would attempt to answer that question, as I would want to know the facts. I would say, broadly, that if an estate was owned by some one else, the list is wrong. I will say this, though, that most all of these American syndicates have their corporation papers filed in Cuba, and therefore in that sense become Cuban companies.

The CHAIRMAN. There is no claim that this is an American estate, as I understand it. It is simply a question whether it is Cuban or Spanish.

Mr. BROWNE. Yes.

The CHAIRMAN. So that you think if a plantation or an establishment is owned by a company incorporated in Cuba it may still be a Spanish estate?

Mr. BROWNE. Why, certainly. Every share of the stock might be owned in Spain.

The CHAIRMAN. Do you know that Mr. Havemeyer has any connection with the Cuba National Bank? You stated he had.

Mr. BROWNE. I understand he has, to the best of my knowledge and belief.

The CHAIRMAN. Do you know anything about it?

Mr. BROWNE. I know what has been told me by people who are in a position to know.

The CHAIRMAN. Who told you?

Mr. BROWNE. It was an employee of the bank. I think the name would be confidential. I do not care to state it. I am giving you the best information I have, and I have every reason to believe that is an accurate statement—that Mr. Havemeyer is a stockholder in the bank.

The CHAIRMAN. If it should turn out that you were mistaken, do you think the other things you have testified to on the information which you have gained would be just as valuable as this?

Mr. BROWNE. You are asking me a very peculiar and a very difficult question to answer. If I am mistaken on any one point, I am mistaken on that one point and not necessarily on any other.

The CHAIRMAN. I understand in all your testimony you have not testified to anything that you know personally?

Mr. BROWNE. I testify with as much accuracy of knowledge as nine-tenths of the witnesses who go on the stand in any court in the world under any circumstances.

The CHAIRMAN. If you were in court you would not be permitted to state any of the testimony which you have given here, or very little of it.

Mr. BROWNE. I think that would depend on the character of the case on which I was in court.

The CHAIRMAN. I will ask you do you know personally any fact which you have testified to here to-day?

Mr. BROWNE. I do.

The CHAIRMAN. What are they?

Mr. BROWNE. If the stenographer will read my testimony from the beginning, I will go over it and point out things I am certain of.

The CHAIRMAN. We can not quite do that. You say the Hamburg price of sugar is controlled in the United States, do you?

Mr. BROWNE. I do. That is the general impression, that the Hamburg price is affected in the United States.

The CHAIRMAN. You said controlled, did you not?

Mr. BROWNE. The notes will show better what I said. If the stenographer will read the notes of what I said——

The CHAIRMAN. I'o you not remember what it was you said about it?

Mr. BROWNE. When it comes to the absolute statement of a particular word in a conversation that dates back nearly two hours, I will not attempt to controvert the stenographer's notes. It is there and can be easily ascertained.

The CHAIRMAN. Do you now think the Hamburg trade is controlled in the United States?

Mr. BROWNE. I say the Hamburg price is affected in the United States.

The CHAIRMAN. How?

Mr. BROWNE. By the withholding or the sending forward of orders for sugar. If the American Sugar Refining Company and its allied interests buy sugar heavily on the Hamburg market, they will force up the price. If they withhold in order to let the market lie dead, they force down the Hamburg price.

The CHAIRMAN. And do you think they do that?

Mr. BROWNE. I do.

The CHAIRMAN. Do you know anything about that? Are you testifying to what you know now or what you guess?

Mr. BROWNE. I testify to something that is as plain as a problem in mathematics.

The CHAIRMAN. That they do buy largely to put it up or withhold to put it down?

Senator TELLER. He did not say that. I object to that statement. He said if they did do that.

The CHAIRMAN. I asked him whether he thought they did it and he said he did.

Senator TELLER. And you replied to that, "You say they did it."

Mr. BROWNE. I did not make the assertion that they did it in order to affect the price.

Senator TELLER. That is the point I am making—that it was no such suggestion, but that if they did do it, it would affect the price. Of course everybody knows that.

The CHAIRMAN. Then you think the price of Hamburg sugar depends on whether the American Sugar Refining Company are buying Hamburg sugar or are not buying it?

Mr. BROWNE. To some extent, yes.

The CHAIRMAN. To a considerable extent?

Mr. BROWNE. To a considerable extent, within the ranges of price. In other words, the American Sugar Refining Company is the largest purchasing agency in the world for sugar. It buys more sugar than any other single agency, excepting the German cartel, which is a handling agency; but the American Sugar Refining Company is the biggest customer for raw sugar in the world, and therefore its actions

are a very material factor in the market in determining the range of price. It is a matter of general knowledge. It does not need to be my knowledge, or anyone's else. I think it is so much a matter of common knowledge that I do not think anyone will dispute it.

The CHAIRMAN. It is an opinion, is it not?

Mr. BROWNE. It is an opinion based on well-known, publicly known facts; an opinion that any intelligent man ought to form for himself and form very much on those lines, and I think any intelligent man does.

The CHAIRMAN. I suppose when they are not buying Cuban sugars the price of Cuban sugar goes down?

Mr. BROWNE. Yes.

The CHAIRMAN. Is it not a fact that they have not been buying Cuban sugars lately, and yet the price of Cuban sugar has risen?

Mr. BROWNE. That depends on how much they have. Perhaps they have got it all bought. That would make considerable difference.

The CHAIRMAN. You think they have it all bought?

Mr. BROWNE. I think 99 per cent of the Cuban sugar comes under the control of the American Sugar Refining Company.

The CHAIRMAN. Do you know anything about that?

Mr. BROWNE. I can give you the general outlook of the sugar situation in the island as it is regarded by sugar men there, sugar producers and sugar handlers, in brief form. They claim that after the last big war between the American Sugar Refining Company and the independent refining companies there was either a purchase of stock or an exchange of stock of every principal refiner on the Atlantic seaboard with the trust or with Mr. Havemeyer directly, and that he has locked up in his safe stock in all those refineries; not necessarily a controlling interest, but sufficient to give a guarantee that there would be harmonious cooperation between the independent refiners and Mr. Havemeyer, with the possible exception of the Arbuckles; and that that being the case, the day of competition for the purchase of the Cuban sugar crop has disappeared.

The CHAIRMAN. Do you know anything about that?

Mr. BROWNE. I know that is generally claimed——

The CHAIRMAN. I am asking if you know a thing about it yourself?

Mr. BROWNE. No, sir; I do not know a thing about it.

Senator TELLER. He has not claimed to know anything about it.

The CHAIRMAN. Do you think that as a witness here you are called upon to testify as to facts and conclusions upon statements which you do not know anything about yourself?

Mr. BROWNE. I know something about it.

Senator TELLER. Mr. Chairman, this matter you drew out entirely yourself. There is nothing in the direct examination in reference to this question.

The CHAIRMAN. Oh, yes. I started on the question of whether Mr. Havemeyer had any stock in the Cuban American Bank, and then followed it up as to whether the Hamburg price was controlled in America or affected in America, and he volunteered to tell how it was controlled or affected by the sugar trust.

Senator TELLER. You asked him how it was. If he had any idea about it, I suppose he had to tell.

The CHAIRMAN. You do not think he has any interest in the Arbuckles, do you?

Mr. BROWNE. I think not. I think he has an understanding with the Arbuckles. As to the others. I think the statement has been made before this committee that Mr. Havemeyer holds considerable stock in the National. It has also been stated that Mr. Havemeyer has certain stock in certain plantations in Cuba, and Mr. Atkins, I think, also testified that he himself had some stock in the American Sugar Refining Company. In fact, there seems to be a pretty general exchange and interlocking of interests all along the line.

The CHAIRMAN. Do you think he has any stock in the Revere Refining Company in Boston?

Mr. BROWNE. Yes; I think either Mr. Havemeyer directly or the American Sugar Refining Company has an interest in every so-called independent refining company on the Atlantic seaboard, with the possible exception of the Arbuckles, and with them they have an understanding.

The CHAIRMAN. I will take what is called the Revere Refining Company in Boston, which I understand is a partnership and not a corporation. Do you think Mr. Havemeyer is a partner there?

Mr. BROWNE. I will ask for the moment that we get the hearing before the Ways and Means Committee, and I will take a list there and give you a little more specific information.

The CHAIRMAN. That is, you will testify to something somebody else testifies to before the Ways and Means Committee?

Mr. BROWNE. No; not what somebody else testified to. I want the list of the refiners in front of me. Then I will give you the best of my information. I can find that for you, I guess. I want Mr. Post's testimony. It is at page 341 of the hearing before the House Committee on Ways and Means. I will except the Revere Refining Company. I do not know that I ever heard of it. The one I had in my mind was the Nash-Spalding Refinery of Boston.

The CHAIRMAN. That is the same thing.

Mr. BROWNE. It is, is it? Then I understand Mr. Havemeyer has an interest in it.

The CHAIRMAN. Why do you understand so?

Mr. BROWNE. Because it was the general opinion of all the well-informed sugar men in the island of Cuba. These things get around; they don't get locked up in a safe.

The CHAIRMAN. That is your only reason for supposing he has an interest in it, is it?

Mr. BROWNE. That is my only reason, that it is the general opinion in Cuba among well-informed men that Mr. Havemeyer or the Sugar Refining Company have an interest in everything except the Arbuckle Refinery.

The CHAIRMAN. And on that you are willing to testify that he has an interest in that partnership, are you?

Mr. BROWNE. I am willing to testify that that is the general understanding in Cuba; yes, sir.

The CHAIRMAN. Am I asking you for general understandings in Cuba?

Mr. BROWNE. You are asking me for the best information I can give you.

Senator TELLER. You asked him for his belief, and that is what he has testified to.

The CHAIRMAN. I beg your pardon. I have been trying to ask him



what he knew, Senator Teller. And when he said he believed something you have said he asserted it was so. That is the difficulty with you, Senator.

Mr. BROWNE. You are getting the best information I can give you, sir.

Senator TELLER. This belief, he states, is based on the fact that they believed it in Cuba. Of course that may not be very good evidence.

Mr. BROWNE. I will say they understand it in Cuba. That is the general understanding.

The CHAIRMAN. Do you think, Mr. Browne, that you should come here and testify to a thing being the fact because there is a general understanding in Cuba, as you have found it?

Mr. BROWNE. That question, Senator, is capable of being answered as I have answered it before to you, that I am giving you the best information I have. The limits of a man's personal knowledge, what he can testify under oath or what he can not, are extremely narrow. You want information and I am giving you the best information I can give you.

The CHAIRMAN. Mr. Havemeyer testified to what refineries there were other than the American Sugar Refining Company, and he spoke of the Nash-Spalding Company, the National Refining Company, the McCahan, in Philadelphia; Arbuckle's, in New York; the Cogswell, the Henderson; the Gramercy, of New Orleans, and the Cunningham, in Texas, and I asked him this:

"Have you any relations with these other companies? Have you any understanding with these other refiners of whom you have spoken?"

"Mr. HAVEMEYER. No understanding with any of them. We have a joint ownership in the Spreckels refinery."

And yet you think he is a partner in Nash-Spalding Company?

Mr. BROWNE. I think he is in them all—all those on the Atlantic seaboard, with the exception of Arbuckle's. I think all the signs point to it. The whole sugar situation comes around like tracking the badger to his hole. You can see the tracks of the American Sugar Refining interests over the whole business. There is not a point where the tracks do not stick out.

The CHAIRMAN. Do you know whether he has any interest whatever in McCahan Brothers, in Philadelphia?

Mr. BROWNE. I repeat the testimony that I have given so far—that it is the general understanding in Cuba among well-informed sugar men that the American Sugar Refining Company directly, or Mr. Havemeyer directly, is in every sugar refinery on the Atlantic coast with the exception of the Arbuckles, and that they have a direct understanding with the Arbuckles; and it is backed up by all the collateral evidence and the circumstantial evidence that can be obtained. There is no competition for the purchase of the Cuban crop. It is all exactly handled as though one man handled it. In the old days there would be a dozen bidders for the output of a centrale. That day has disappeared. If Mr. Havemeyer personally owned every refinery in the United States the thing could not be handled with any more of a one-man direction.

The CHAIRMAN. And yet I understand you to say that personally you have no knowledge on the subject?

Mr. BROWNE. I have knowledge enough to testify exactly on the lines I have testified, Senator.



The CHAIRMAN. One moment. Answer that question. Have you any personal knowledge on that subject?

Mr. BROWNE. I have knowledge enough to testify according to the best of my knowledge and belief. I decline——

The CHAIRMAN. You decline to answer that question?

Mr. BROWNE. I decline to answer a question that has been repeated on lines like that. I state to the best of my knowledge and belief.

The CHAIRMAN. Have you any one fact as to the ownership or interest of Mr. Havemeyer in any independent refinery that you can testify to?

Mr. BROWNE. I have.

The CHAIRMAN. Give it to us.

Mr. BROWNE. That fact is a circumstantial fact; that it is understood to be the case by every prominent sugar man in the island of Cuba.

The CHAIRMAN. You think that justifies you in testifying that it is so?

Mr. BROWNE. Yes; with the statement with which I accompany it.

The CHAIRMAN. Who told you that in Cuba?

Mr. BROWNE. I want to make up a list. Sometimes I can give a name and sometimes I can not. In this case I think I can give you a number of names. Will you reserve that question until a little later, or do you want to go over it now?

The CHAIRMAN. If you remember anyone now, I would like to have you tell me.

Mr. BROWNE. Let me see, now, what I can give you. May I make you a list that would be considered confidential before the committee?

The CHAIRMAN. No; you had better not do that.

Mr. BROWNE. Because there are a number of gentlemen with big sugar connections, and I do not think it would be quite fair for me to give a general list that might go to the island, where it might hurt them.

Senator TELLER. It is not necessary for you to do it, Mr. Browne.

Mr. BROWNE. I do not think I will do it. I will give the Senator in confidence a list. I am willing to submit it to the committee in confidence, because it involves men who are in the sugar-machinery business, and it involves men who are doing a brokerage business, and men in the transportation business, and it might prejudice them. I do not think it ought to be made public. I am willing to give it to the committee confidentially.

The CHAIRMAN. How did you arrive at your figures of 20 per cent Cubans, 40 per cent Americans, 30 per cent Spaniards, and 10 per cent other foreigners as owning the centrales in Cuba?

Mr. BROWNE. That, as I stated before, is a rough estimate, subject to correction, on a list that I am having prepared. It was not mine. It was formed partly on the basis of an estimate that was roughly furnished by the gentleman who furnished that list and by consultation with others. It roughs up about right.

The CHAIRMAN. You mean of the production?

Mr. BROWNE. I mean of the making of the sugar.

The CHAIRMAN. Yes; production of the sugar.

The subcommittee thereupon adjourned until Wednesday, June 4, 1902, at 10 o'clock a. m.

SUBCOMMITTEE OF THE COMMITTEE  
ON RELATIONS WITH CUBA, UNITED STATES SENATE,  
*Washington, D. C., June 5, 1902.*

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

**TESTIMONY OF TRUMAN G. PALMER.**

TRUMAN G. PALMER, having been first duly sworn by the chairman, testified as follows:

Senator TELLER. Mr. Palmer, will you state what your business has been?

Mr. PALMER. From 1891 until about four years ago my business was the planting of orchards in California and selling them in the East.

The CHAIRMAN. Selling them to Eastern people?

Mr. PALMER. Yes, sir. Our office was in Chicago. About four years ago I bought into a company, and since that time we have been buying land for the purpose of establishing a beet-sugar factory and building an irrigating system to water it. We have about 6,000 acres of land, and an irrigating system sufficient to water it, and last spring I came East to place the bonds of the company for the purpose of erecting a factory.

In July they were placed in New York at 95—\$750,000. We subscribed for \$150,000 of second-mortgage bonds ourselves, and arranged at the bank for advances, you might say, to the extent of \$125,000. These bonds were sold with the proviso, of course, that their expert should report favorably upon the property. He went out in August, and when he had been there about a week, reported favorably on the physical conditions of the property. He then went at our various records, titles, and the like. It was not until December that all of our papers were straightened out, and his unqualified report went into the hands of the attorneys of the bond buyers. About that time this agitation came on in Washington, and we failed to get our report out of their hands.

The CHAIRMAN. Out of whose hands?

Mr. PALMER. The hands of the attorneys for the bond buyers, who had never turned down in twenty years' work a proposition reported upon favorably by this expert. I came to Washington in January to be present at the hearings before the Ways and Means Committee, expecting to be here a few days. I remained here until the latter part of February, when I was called to Chicago.

Senator TELLER. Did you testify before the House committee?

Mr. PALMER. No, sir; I did not. I sold out my interests entirely in this company, largely to come back here and be here until this matter was determined. That gives you my connection with the beet-sugar business.

Senator TELLER. Have you made any examination as to the American holdings in the island of Cuba? And if so, state what they are and what conclusions you have arrived at, and how you have come to those conclusions.

Mr. PALMER. I have gone very carefully over the testimony given before the Ways and Means Committee, the testimony given before

this committee, and the war claims that are on file with the Spanish Treaty Claims Commission; and I find a very large body of property is owned by Americans in Cuba. I could not give that offhand. I have prepared it.

Senator TELLER. Of course you are not expected to remember all that. Just give it as you have it.

The CHAIRMAN. Is there something there that you want to put in the record?

Senator TELLER. I do not know whether he wants to put it in or not.

Mr. PALMER. I haven't it in shape to put in. I have memoranda and notes.

Senator TELLER. I expected to have Professor Wiley here to-day and examine Mr. Palmer to-morrow, but I thought we had better go on with him to-day.

Mr. PALMER. As deductions necessarily have to be drawn, I will state that in the list of corporations the capacity of the mills has been gathered almost wholly from statements made by Messrs. Havemeyer, Atkins, Kelly, and others who are interested in Cuba, and who have appeared before this committee, or the Committee on Ways and Means, or both.

In the petitions now on file with the Spanish Treaty Claims Commission the capacity is rarely given in tons. These petitions, of course, run all the way from a few pages to a hundred pages apiece.

Where it is stated in sacks I have divided the number of sacks by 7 to reduce it to tons.

Where the total number of arrobas (250 pounds) of cane ground per season was stated, I have divided this by 10 to reduce it to arrobas of sugar on a basis of 10 per cent extraction, and have then multiplied this quantity by 9 to reduce it to long tons.

Where the capacity has not been stated, but the number of centrifugal machines has been given, I have derived the capacity from that.

Theoretically, 40-inch centrifugals, the customary size used in Cuba, will ring out a barrel of sugar every five minutes, or 45 tons per day. In practice, however, they will not do this.

In claim No. 98 before the Spanish Treaty Claims Commission——

The CHAIRMAN. These numbers are the numbers of the claims, you mean, before the Commission?

Mr. PALMER. Yes, sir; [continuing] Mr. Juan Francisco Portuondo gives the capacity of his four centrifugals as 30 tons per day.

In my figures I have used this  $7\frac{1}{2}$  tons a day per centrifugal as a factor on a 100-day average run, or 6 tons a day on a 120-day run. It figures out the same, and is a very conservative calculation.

It should be noted that in most cases the capital stock is merely nominal, and is no index whatever as to the extent of the estates. For instance, the Central Teresa Sugar Company is only capitalized at \$300,000, but it has a war claim against the Government of \$1,256,000. On page 151 of the testimony before this committee, Mr. Kelly, one of the owners of the Central Teresa, states that the capitalization is nominal, that that estate is bonded for \$750,000, and that it is worth \$1,500,000.

The first one I have on the list is the Hormiguero Central Company of New Jersey, incorporated in 1890, with a capital stock of \$50,000. Mr. William F. Bridge, of 69 Wall street, New York, who is the

president of this company, is also a director of the Constancia Sugar Company, which has a very large plant in Cuba. Their estate is located at Cienfuegos—

Senator TELLER. What estate is this?

Mr. PALMER. This is the Hormiguero Central Company. Their estate is located at Cienfuegos. They have a war claim against the Government, No. 293, for \$768,948.22. The capacity of this company, according to Mr. Atkins's testimony before the Committee on Ways and Means, is 12,000 tons of sugar a year.

The Central Tuinucu Sugar Cane Manufacturing Company, of New York, was incorporated in 1891 and has a capital stock of \$150,000. They purchased their estate in 1893. Their office is at 112 Wall Street, New York. Mr. Juan M. Ceballos, one of the directors of this company, is also president of the Rosario Sugar Company and a director in the Narcisa Sugar Company. Joseph I. C. Clark, another director, is one of the incorporators of the Francisco Sugar Company. Manuel Rionda, a member of the sugar trust brokerage firm of Czarnikow, MacDougall & Co., is another director, and he is also vice-president of the Francisco Sugar Company and secretary of the Rosario Sugar Company.

They have a war claim, No. 240, of \$467,713.70. In their claim they give the daily capacity of their factory at 4,600 arrobas of cane, equal to an annual capacity of 6,000 tons of sugar. Their estate covers 2,433½ acres. It is located at Sancti Spiritus.

The CHAIRMAN. Which is that?

Mr. PALMER. This is the Central Tuinucu. They had 1,100 acres of cane destroyed on one plantation and 566 on another. Their loss on machinery was \$14,000.

The CHAIRMAN. Excuse me a moment. These statements you make are taken from the petitions as the claimants have filed them and are their own statements as to damages?

Mr. PALMER. Yes, sir.

The Trinidad Sugar Company, of New Jersey, was incorporated in 1892. Their office is not given. I presume it is with the sugar trust, 117 Wall street, as Mr Havemeyer owns 40 per cent, Mr. Semff, Mr. Havemeyer's life-long partner, 40 per cent, and Mr. Atkins 20 per cent.

Senator TELLER. That is Atkins's other company, is it not? He testified he was interested in two companies. That is the second one?

Mr. PALMER. Yes, sir.

Senator TELLER. Go on,

Mr. PALMER. In the incorporation Mr. Oscar B. Stillman, of South Natick, Mass., subscribed for 5,991 of the 6,000 shares. Mr. Kelly, on page 146 of the testimony before this committee, says Mr. Havemeyer has been backing Mr. Stillman. Havemeyer and Stillman are erecting a \$2,500,000 plant at Cape Cruz. Mr. Benjamin W. Morrill, of East Orange, N. J., was one of the incorporators of this company and also of a company called the Lucia Sugar Company.

The CHAIRMAN. Santa Lucia?

Mr. PALMER. No, sir; Lucia. Their war claim (Trinidad) is No. 295, for \$103,016.25. The estate is located at Trinidad, Santa Clara Province. Their output is 12,000 tons, as per testimony before this committee of Mr. Kelly, on page 145.

I also have a memorandum here: "The Havemeyer and Welch

Company"—I do not know the corporate name of it—"at Santa Cruz; capacity, 10,000 tons. See Mr. Havemeyer's testimony, page 11, before this committee." This petition is interesting for many reasons.

The CHAIRMAN. Which one is this?

Mr. PALMER. This is Mr. Atkins, of Trinidad. He has a claim in here for money lost on working cane. He claims that in January, 1897, it cost \$2.76 per 100 arrobas (2,500 pounds), total factory expense, to work his cane, and that in February it cost him \$1.22, and in March \$1.11, and he asked the Government to reimburse him for the difference between the average cost in February and March, which was \$1.16 per 100 arrobas (2,500 pounds), and what it cost him in January, which was \$2.76, a difference of \$1.60 per 2,500 pounds.

Senator TELLER. Do you mean it cost him \$1.60 more a ton?

Mr. PALMER. More a ton in January, owing, as he says, to the orders of Captain-General Weyler and his lieutenants and others; and taking his testimony before the Ways and Means Committee as to the cost of cane at \$2.25 per hundred arrobas it would show he was making sugar at 1.364 cents a pound. Of course, where he buys the cane from colonos on a sliding scale, it figures down so that they can produce sugar there at a cent a pound and make a slight profit.

The CHAIRMAN. Do you want him to testify about the cost of sugar?

Mr. PALMER. That is the only reference I have to it, Senator.

The CHAIRMAN. I do not think this testimony as to price is within the scope of our inquiry.

Senator TELLER. Very well. Go on, Mr. Palmer.

Mr. PALMER. The Victoria Company—

The CHAIRMAN. I did not understand what petition you were referring to there in this last matter.

Mr. PALMER. The petition of the Trinidad Sugar Company.

Senator TELLER. Before the Spanish Commission, is it?

Mr. PALMER. Yes, sir.

The CHAIRMAN. Who files that petition?

Mr. PALMER. I beg your pardon. It is not the Trinidad Company. It reads: "Before the Spanish Treaty Claims Commission. Edwin F. Atkins, doing business under the firm name and style of E. Atkins & Co., against the United States."

Senator TELLER. That is Atkins's personal business?

Mr. PALMER. That is the Soledad.

The CHAIRMAN. I thought you had made a mistake.

Mr. PALMER. Yes, sir; I did.

The Victoria Company, of New Jersey, incorporated in 1892, capital stock \$50,000, principal office in New York. Benjamin F. Butler is the president of the company, and he is a director in the Constancia Company. Thomas W. Hawkins, Sewaren, N. J., secretary and treasurer, is also a director of the Constancia. Stephen C. Gallot, of New York, is an incorporator, and also an incorporator of the Mapos Sugar Company. Francis H. Ludlow, of Brooklyn, N. Y., an incorporator of this company, is also an incorporator of the Mapos. They have claim No. 141, for \$313,846.57. Their estate is located at Sagua La Grande, Santa Clara Province.

The Mapos Sugar Company, of New Jersey, incorporated in 1892, capital stock \$50,000, purchased their estate in 1893. Their office is at No. 6 Old Slip, New York.

Senator TELLER. Have you the capacity of the Victoria?



Mr. PALMER. No, sir; I have not the capacity.

Senator TELLER. Have you an estimate of its capacity, or can you not get anything?

Mr. PALMER. No, sir; they do not state anything. I have a memorandum here: "One claim for 45 caballerias (1,500 acres) cane roots at \$1,200, \$54,000." So if they had 1,500 acres of cane, that would give them 3,750 tons on that loss; but we do not know how much they buy, so I did not state the capacity.

Senator TELLER. What is their total claim?

Mr. PALMER. \$313,846.57.

Senator TELLER. What is it for? Have you got it there? Is it for sugar or for burning?

Mr. PALMER. "One claim for 45 caballerias (1,500 acres) cane roots at \$1,200, \$54,000."

Senator TELLER. You do not understand what I want. Is it for burning cane?

Mr. PALMER. Yes, sir. Here is another item which makes up part of the claim: "Net value of sugar cane purchased by and ready for delivery to the Victoria Company over and above the amounts payable to vendors and cost of manufacture, crop of 1895-96, \$155,799.99; crop of 1896-97, \$81,811.58."

Senator TELLER. That makes a pretty large establishment, does it not?

Mr. PALMER. Yes, sir.

Senator TELLER. But you have not attempted to arrive at any definite result?

Mr. PALMER. No, sir; they have not given a factor there on which I could base a conclusion further than that it is a large concern.

Senator TELLER. Could you not, taking the number of acres of cane and the amount they bought, get at some fair estimate of what the capacity might be?

Mr. PALMER. Their own cane would give them 3,750 tons output. A fair way, perhaps, to do that, though I have not attempted to do it, would be to take the proportionate loss on their own 1,500 acres of cane, as we know what that would produce, and rate it with what they would have lost on the cane they bought in 1896-97, which would bring it out somewhere between eleven and twelve thousand tons.

Senator TELLER. That is near enough, I guess. It is quite a large establishment, evidently. I think Mr. Atkins said in his testimony that one of those estates was 12,000. That is my recollection. I interrupted you there. I would like, of course, to get as fair an estimate as you could give of the production; not, perhaps, the capacity, but what they must have been producing, according to their showing.

Mr. PALMER. The Mapos Sugar Company, of New Jersey, incorporated in 1892, capital stock \$50,000, purchased their estate in 1893. Their office is at No. 6, Old Slip, New York. Mr. Gallot, one of the incorporators of this company, is also an incorporator of the Victoria, as was also Mr. Thomas W. Hawkins, who, in addition to that, was an incorporator of the Constancia Company.

They have claim No. 121, for \$378,673.28. They state their daily capacity at 500 tons of cane, which would give them an annual capacity of 6,000 tons of sugar. The estate is located at Sancti Spiritus, Santa Clara Province, and covers 2,800 acres. They had planted in cane 1,866 acres. They paid out \$130,000 for machinery after purchasing the estate, and prior to 1895.



Senator TELLER. Go on.

Mr. PALMER. The Constancia Sugar Company, of New York, incorporated in 1894, capital stock \$500,000. I understand that a concern called the Damiji Sugar Company has been incorporated and has bought this estate, but I have been unable to locate them. Mr. Osgood Welch, of No. 41 Wall street, New York, vice-president of the Victoria Company, was one of the organizers and directors of this company; also Mr. Benjamin F. Butler, who is president of the Victoria Company. William F. Bridge, 69 Wall street, New York, a director of this company, is president of the Hormiguero Central Company. Mr. Hawkins, whom I have just mentioned in connection with the Victoria and the Mapos companies, is also a director of the Constancia.

The CHAIRMAN. Is that Vitoria or Victoria?

Mr. PALMER. It is Victoria.

The CHAIRMAN. Where is the Victoria?

Mr. PALMER. The estate is located at Sagua la Grande.

Senator TELLER. In what part of the island is it?

Mr. PALMER. It is in Santa Clara Province.

The CHAIRMAN. We have in Mr. Browne's list the Vitoria, at Yagua-jay, heirs of Pablo Gamiz; but that is probably a different one.

Mr. PALMER. The Constancia Sugar Company has the distinction of having filed the heaviest war claim before the Commission, \$4,177,698.85. Their estate is located at Constancia, Santa Clara Province. The size of the estate is 57,000 acres.

The CHAIRMAN. Do they claim it was destroyed?

Mr. PALMER. The loss is largely on the destruction of cane. They claim that the production from Constancia's own fields the year prior was 17,253,703 arrobas of cane, equal to 17,253 tons of sugar. Their annual capacity, according to the testimony before the Ways and Means Committee, is 140,000 to 150,000 bags, which would be equal to 20,000 to 21,400 tons.

Under date of April 26, 1902, the Habana correspondent of the Louisiana Planter gives the 1902 output at 150,000 to 155,000 bags, which would be equal to 22,000 tons.

Senator TELLER. What do they say their great loss is of the four million dollars? What does it consist in?

The CHAIRMAN. Principally sugar, he says.

Mr. PALMER. They lost 17,253,703 arrobas of cane.

Senator TELLER. By burning?

Mr. PALMER. Yes, sir; and they state that "the production of sugar, at the low estimate of one arroba of sugar to ten arrobas of cane, would amount to 1,725,370 arrobas, which, at the lowest price reached during the period in question, would yield \$1,077,355.

Out of this sum, after making the liberal allowance of 75 per cent for expenses, such as planting, replanting, weeding, cutting, hauling, manufacture, and delivery at the place of shipment, there would remain, say, \$359,118 clear profit.

Senator TELLER. What year was that?

Mr. PALMER. They have a claim in for 1895, 1896, 1897, and 1898. Then they say:

"Taking 12 per cent, the rate of interest at which money was lent on the sugar industry in Cuba, as a basis of calculation, the capital involved in the loss of the cane amounted to \$2,992,650, which is a fair estimate of the loss suffered by your petitioner in this particular."

That accounts for about three-quarters of it.

Senator TELLER. That is the Havemeyer estate, is it not? Is he not interested in Constancia?

Mr. PALMER. Not so far as I know.

The CHAIRMAN. Did you give the people in that?

Mr. PALMER. I gave Osgood Welsh, who is not the Welch that Mr. Havemeyer referred to.

Senator TELLER. That is the way I got it mixed.

The CHAIRMAN. That has been explained once before.

Senator TELLER. Yes; I remember now. He was not the same man.

Mr. PALMER. The Central Teresa Sugar Company, of New Jersey; incorporated in 1895; capital stock, \$300,000; principal office 51 Wall street, New York. The incorporators of that are Franklin Farrel, of Ansonia, Conn., who had 1,650 shares; Joseph Rigney, 1,200 shares, and Hugh Kelly, 149 shares. Hugh Kelly is also a director of the United Fruit Company.

They have Spanish war claim No. 97 for \$1,256,000. A part of this claim is "for want of use of sums so lost, \$250,000."

Senator TELLER. That is, interest on the loss?

Mr. PALMER. Yes, sir. The cash value of the estate is placed at \$1,565,000. It is located at Ceiba Hueca, Manzanillo, Santiago de Cuba. The size of the estate is 8,978 acres. The annual capacity, according to Mr. Kelly, on page 145 of the testimony before this committee, is 14,400 tons. They had 1,400 acres of cane burned in February, 1895. On April 29, of this year, Mr. Kelly, in New York, stated that the 1902 output would be 6,700 tons.

The Rosario Sugar Company, of New York, incorporated in 1896, capital stock \$220,000. Their office is at 27 William street, New York.

Mr. Juan M. Ceballos, one of the directors of this company, is also a director of the Tuinucu Sugar Company and the Narcisa Sugar Company. Manual Rionda, of the trust brokerage house of Czarnikow, MacDougall & Company, is one of the directors, and he is vice-president of the Francisco Sugar Company, and director in the Tuinucu Sugar Company; and on page 89 of the testimony before this committee he stated that they are directly connected with the following Cuban estates: La Julia, Rosario, La Flora, San Antonio, Providencia, and Tuinucu.

They have war claim No. 341, for \$1,239,528. Their estate is located at Aguaconte, Habana Province. Their annual output they state to be 60,000 to 65,000 bags, which is equal to 8,570 to 9,285 tons.

On page 176 of the testimony before this committee Mr. Rionda puts the 1902 output at 12,000 tons. Their total acreage of cane destroyed was 5,078, entailing a loss of \$750,000. Their loss on machinery was \$25,500. Their loss of two years' profits was \$400,000.

Senator TELLER. That is added to the other?

Mr. PALMER. Yes, sir; that forms a part of the claim against the Government.

The Narcisa Sugar Company, of New York, incorporated 1897, capital stock—I think it is \$422,000. I know it was an odd number. I will look that up and supply that. Their office is at 27 William street. Mr. Juan M. Ceballos is also a director of this company, as well as of the Tuinucu and the Rosario, of which he is president.

They have war claim No. 139, for \$347,000. Their plantation is located at Santa Cruz, and covers 20,000 acres of cane land.

The CHAIRMAN. Do you know who this Ceballos is?

Mr. PALMER. Yes, sir; he is a banker, at No. 80 Wall street.

The CHAIRMAN. Is he an American, or a Cuban, or a Spaniard, or a Cuban-American? Do you know where he was born?

Mr. PALMER. No. I may be able to tell you, Senator, later on. He figures in another place, and I tried to get that information wherever I could.

Senator TELLER. He is living in New York, is he?

Mr. PALMER. Yes, sir; he is a banker. If I have any further information on that, I will give it to you when I come to it.

I understand a large part of the business of the firm of Juan M. Ceballos & Co. is backing Cuban estates and making advances to Cuban sugar growers.

They state in their claim that they would have produced in 1896-97 50,000 bags, which would have amounted to 7,142 tons. I have quite a number of details as to the amount of cane they would have produced.

Senator TELLER. Go on.

Mr. PALMER. (Reading:)

"Forty-two caballerias of cane (1,399.86 acres) would have produced 3,000,000 arrobas of cane, which, at 10 per cent sugar, would have yielded 25,000 bags, which, after paying cost of elaboration and all other expenses, would have left the company a net profit of \$2 per bag, or \$50,000."

Senator TELLER. That is their statement, is it, before the Commission?

Mr. PALMER. Yes, sir; that is in quotation marks. (Reading:)

"'Guainado' 40 caballerias, 35 planted, would have produced 1,900,000 arrobas, or 15,800 bags."

The CHAIRMAN. Are you on another estate?

Mr. PALMER. No, sir. Well, I presume it is a subordinate estate.

Senator TELLER. But it is the same claim.

Mr. PALMER. Yes, sir. (Reading:)

"'Soberano' 87 caballerias, 39 planted, would have produced 1,100,000 arrobas, or 9,200 bags. Narcisa would have produced 50,000 bags from 6,000,000 arrobas."

The Louisiana planter says that they have put 2,650 additional acres into cane this year. That is this past year, for the 1902 crop.

The Chaparra Sugar Company——

Senator TELLER. How much do you make out of the capacity of that last? Have you a figure on that?

Mr. PALMER. Yes, sir; 7,142 tons.

The Chaparra Sugar Company, of New Jersey, incorporated 1899, capital stock \$1,000,000, principal office 109 Wall street, New York. That is the company in which Mr. Havemeyer said he owned 20 per cent.

Senator TELLER. That is called the Hawley Company?

Mr. PALMER. Yes, sir; Mr. George C. Kobbe is one of the incorporators and was one of the incorporators of the Cuban-American Sugar Company, and also the Lucia Sugar Company. Henry A. Clark, another incorporator, is secretary of the Cuban-American Company and is secretary and treasurer of the Mercedita Sugar Company.

The CHAIRMAN. What is the Cuban-American Company?

Mr. PALMER. The Cuban-American is another company that I am coming to later.

Mr. John Farr, another incorporator, is an incorporator of the Lucia

Sugar Company, vice-president of the Mercedita Sugar Company, director of the Cuban-American Sugar Company, and it has been stated he has taken another option on a large Cuban estate, but I have no information on that.

Mr. Robert B. Hawley, president of the company, is also president of the Cuban-American and a director of the Mercedita Sugar Company.

Mr. Frederick H. Howell, a member of the firm of B. H. Howell, Son & Co., who handle all the sugar of the National Sugar Refining Company, is another director.

Mr. James H. Post, president of the National Sugar Refining Company and the managing partner of B. H. Howell, Son & Co., treasurer of the Cuban-American, director of the Mercedita Sugar Company, is treasurer of the company.

Mr. Post testified before the Committee on Ways and Means that Mr. George R. Bunker, one of the directors of the National Sugar Refining Company, was also interested in this concern.

Their estate is located at Banos. The size of the estate is 66,000 acres. Sugar capacity, 36,000 tons a year. (See Kelly, page 145, testimony before this committee.)

They planted 10,000 acres in 1901. On April 29 Mr. Kelly, in New York, stated that the 1902 output would be 150,000 bags, or 21,428 tons. The Louisiana Planter gives the output as 200,000 bags, or 28,570 tons.

The Mercedita Sugar Company, of New Jersey, incorporated 1899, capital stock \$375,000, principal office at 109 Wall street, New York. The incorporators are Mr. Ernesto A. Longa, Mr. Henry A. Clark, to whom I have just referred, and Mr. John Farr. Mr. Hawley is a director in this company; also Mr. Post, Mr. F. D. Mollenhauer, and Mr. Nathaniel Tooker. The last three are all directors of the National Sugar Refining Company. They have no war claim.

The CHAIRMAN. That was incorporated recently, since the war?

Mr. PALMER. That is right.

The Cuban-American Sugar Company, of New Jersey, incorporated in 1899, capital stock \$1,000,000, principal office at 109 Wall street. Mr. George C. Kobbe, who was an incorporator of the Chaparra Company, is one of the incorporators of this.

Mr. John Farr is also an incorporator. Mr. Hawley is president; Mr. Nathaniel Tooker, vice-president; Mr. James H. Post, treasurer; Mr. Henry A. Clark, secretary. These men I have already mentioned in connection with these other companies.

How much of an estate the Cuban-American had prior to the purchase of the Tinguara estate, I do not know; but under the war claim of Francisco Gustavo la Rosa, of New York, claim No. 478, there is this much concerning the Tinguara property, which was part of what he owned, and which Mr. Hawley bought for the Cuban-American:

The estate is located in Matanzas province. The extent of the estate is 4,950 acres, 2,067 acres in cane. Capacity, 8,600 tons (12 centrifugals). The loss on machinery was \$100,000. They state that the Tinguara was purchased by la Rosa in 1847 for \$500,000. New machinery, etc., added in 1883-84, \$500,000. Estate since sold to R. B. Hawley for American syndicate, which is said to have expended \$1,500,000 on it. War claim under the name of Francisco Gustavo la Rosa, of New York, for \$1,716,062, of which \$1,103,832 was on the estate Isabel, and on Tinguara, \$612,230.

Did I mention Havemeyer & Welch?

The CHAIRMAN. Yes; you spoke of the Welch with whom Mr. Havemeyer was connected.

Mr. PALMER. Yes; I spoke of that.

Location of estate, Santa Cruz. Capacity of estate, 10,000 tons. (See Havemeyer's testimony, p. 11, before this committee.)

The American Sugar Company of New York I have no information on, further than given by Governor Wood in that list.

The CHAIRMAN. They made no claim, then, before the Commission?

Mr. PALMER. No, sir.

The Francisco Sugar Company, of New Jersey, incorporated in 1899, capital stock \$300,000, office 112 Wall street, the same number with Czarnikow, MacDougall & Co. Mr. Joseph I. C. Clark, of New York, was one of the incorporators of this company, and is a director in the Tuinucu company.

Mr. Manuel Rionda, of Czarnikow, MacDougall & Co., of New York, is vice-president of this company, as well as secretary of the Roasario and director of the Tuinucu. Mr. William J. McCahan, president of the W. J. McCahan Sugar Refining Company, of Philadelphia, is one of the directors of the Francisco Sugar Company. Mr. James M. McCahan, manager of the W. J. McCahan Sugar Company, is also a director, and Mr. G. R. MacDougall, of the brokerage house of Czarnikow, MacDougall & Co., is another director. Mr. Thomas C. McCahan, who is secretary and treasurer of the W. J. McCahan Sugar Refining Company, of Philadelphia, is also secretary and treasurer of this company.

Mr. Kelly, on page 145 of the testimony before this committee, gives the capacity at 14,400 tons. The monthly summary, issued by the Insular Affairs Division of the War Department, gives the capacity at 1,000 tons of cane per day, which would be equal to 12,000 tons per year.

The CHAIRMAN. Did Mr. Kelly give the output as well as the capacity?

Mr. PALMER. No, sir.

The United Fruit Company, of New Jersey, incorporated in 1899, capital stock \$20,000,000, principal office No. 60 State street, Boston.

Mr. Kenneth K. McLaren, one of the incorporators, is also an incorporator of the Cuba Planters' Company; also of the Cuban Sugar Refining Company.

Mr. William S. Spaulding, of Nash, Spaulding & Co., also known as the Revere Sugar Refining Company, sugar refiners, of Boston, 23 Broad street, is also a director.

Mr. Preston, on page 275 of the testimony before this committee, stated that their estates covered 70,000 acres; that they had 9,000 acres in cane. On page 78 he states that their 1902 output will be 25,000 tons.

Mr. Kelly, on page 141 of the testimony, stated that the cane acreage was 10,000 acres.

Now, that covers the corporations that, so far, I have been able to trace with any definiteness as to the extent of their estates. I have a list in addition to that which I will submit further on, but it is not included in this summary. I have made a recapitulation of these corporations.

Senator TELLER. Those you have been over?

Mr. PALMER. Yes; those I have just been over, giving, first, the



number of the war claim, if they had one; second, the officers; in the third column the acres in the estate, where given; in the next column, the acres in cane, where given; in the next column the capacity, where given; in the next, the 1902 output, where stated; and in last column the amount of their war claims. I think it would be wise to use this recapitulation.

The CHAIRMAN. You have an extra copy of that, have you?

Mr. PALMER. Yes, sir; that is, a copy of this recapitulation and summary.

The CHAIRMAN. We might put that in.

Senator TELLER. Yes. You have this, I suppose, so it explains itself, have you?

Mr. PALMER. Yes, sir.

The paper referred to is as follows:

RECAPITULATION.

[Cuban sugar estates owned by American corporations.]

Offices in New York City.		Acres.	Acres in cane.	Capacity.	Output, 1902.	War claim.
				Tons.	Tons.	
293	Hormiguero Central Co.....			12,000		\$768,948.22
240	Central Tunicu S. C. Manufacturing Co.....	2,435	1,666	6,000	3,570	467,713.70
295	Trinidad Sugar Co.....			12,000		103,016.25
141	The Victoria Co.....		1,500			318,846.57
121	Mapos Sugar Co.....	2,800	1,866	6,000		378,673.28
196	Constancia Sugar Co.....	57,000	6,900	21,000	21,500	4,177,698.85
97	Central Teresa Sugar Co.....	8,978	4,500	14,400	6,700	1,256,000.00
341	Rosario Sugar Co.....		5,078	12,000	12,000	1,239,528.00
139	Narcisa Sugar Co.....	20,000		7,100		347,000.00
478	Cuban-American Sugar Co. (owning Tinguaro estate) .....					
	Chaparra Sugar Co.....	3,833	2,000	14,400	13,000	612,230.00
	Mercedita Sugar Co.....	66,000	5,000	36,000	21,428	
	Francisco Sugar Co.....	80,640		14,400		
	Havemeyer & Welch's Co.....			10,000	10,000	
	American Sugar Co.....					
Boston.						
	United Fruit Co.....	70,000	9,000	25,000	25,000	
	Cuban Land and Sugar Co.....					

SUMMARY OF CUBAN SUGAR ESTATES.

[Owned by the above-mentioned American corporations.]

Number of estates .....	17
Number of estates having war claims .....	10
Total amount of war claims .....	\$9,669,654.87
Average amount of each war claim .....	\$966,965.48
Total acreage of 9 estates.....	311,684
Average acreage of each of the 9 estates.....	34,631
Estimated total acreage of the 17 estates (34,631 each) .....	588,727
Total acreage in cane of 9 estates .....	37,510
Average cane acreage of each of the 9 estates .....	4,165
Estimated total cane acreage of the 17 estates (4,165 each) .....	70,805
Annual sugar capacity of 12 of the 17 estates (long tons) .....	180,300
Annual sugar capacity of each of the 12 estates .....	15,025
Estimated total sugar capacity of the 17 estates (15,025 tons each) ...	255,425
Output of 8 estates, 1902 .....	113,198
Estimated 1902 output of the 17 estates (14,148 tons each) .....	240,516
Average 1902 output of each of the 8 estates .....	14,148
Percentage of 1902 output to capacity .....	94 per cent..
Output of cane fields operated by these estates, based on 2½ tons of sugar per acre (70,805 acres) .....	176,012
Percentage of cane grown by the factories themselves, from which the 1902 output was produced (balance grown by colonos) ..per cent..	73



From the foregoing it will be seen that over 32 per cent of the total 1902 output of Cuban sugar, estimated at 750,000 tons, has been produced by these 17 American corporations, and this does not take into account the output of 13 other Cuban-American sugar companies to which I will refer later on.

Senator TELLER. That concludes this branch of your statement?

Mr. PALMER. Yes, sir.

Senator TELLER. Now, go on with the next.

Mr. PALMER. The second classification covers Cuban sugar centrals owned by American citizens residing in the United States and Europe, and is made up largely from data contained in the war-claim petitions of the owners now on file with the Spanish Treaty Claims Commission. This information has been supplemented by evidence given before the House Committee on Ways and Means by witnesses favoring tariff reductions to Cuba, by evidence given by the same gentlemen and others similarly interested who have appeared before this committee, and by other reliable information.

The owners of these estates, which not only raise cane, but manufacture it into sugar, are all American citizens who reside either in the United States or Europe.

The CHAIRMAN. Let me ask you right there, what are they by birth, so far as you know?

Mr. PALMER. The larger portion of them are Cuban or Spanish by birth.

The CHAIRMAN. Who have come to the United States and obtained naturalization here?

Mr. PALMER. Yes, sir.

The CHAIRMAN. But have their properties in Cuba?

Mr. PALMER. Yes, sir; and they reside in this country. I have another classification for those who are American citizens but reside in Cuba.

The CHAIRMAN. This classification is of people who reside in the United States?

Mr. PALMER. In the United States and Europe.

Claim No. 69, of Andres L. Terry—

Senator TELLER. This is the war claim, you mean?

Mr. PALMER. Yes, sir; war claim.

Andres L. Terry (naturalized), Paris, France; estate, "Centrale Cayajabo;" located at Madruga, Habana Province; extent of estate not stated; capacity of mill, 7,200 tons (10 centrifugals); loss on machinery, \$203,230; loss on crop, \$201,600; total war claim, \$588,468.75.

*Claim No. 90.*

Andres L. Terry (naturalized), Paris, France; estate, "Centrale Teresa;" located at Cruces, Santa Clara Province; extent of estate, 2,400 acres, 2,300 in cane; capacity of mill, 7,900 tons (11 centrifugals); loss on machinery, \$255,000; total war claim, \$408,088.

*Claim No. 91.*

Antonio E. Terry [by his executor, Paris, France; estate, "Caridad de Juragua;" located at Cienfuegos, Santa Clara Province; extent of estate, 13,197 acres, 3,000 in cane; capacity of mill not stated; total war claim, \$202,700.

*Claim No. 398.*

Francisco J. Terry (naturalized, 1884), Paris, France; estate centrale "Caracas;" located in Santa Clara Province; extent of estate, 5,233 acres, practically all in cane; capacity of mill, 25,000 tons; 1902 output (Louisiana Planter), 25,700 tons (180,000

bags); sworn value of estate, \$3,000,000; loss claimed for not grinding, seasons of 1895 and 1896, \$682,267.40; loss claimed for not grinding two months, December, 1896, and January, 1897, \$121,550; total war claim, \$1,155,045.63.

*Claim No. 5.*

Maria Solar de Martinez (naturalized), Washington, D. C.; estate centrale "Diana," located at Corral Falso, Matanzas Province; loss on 2,350 acres of cane destroyed, \$50,000; capacity of mill, 11,500 tons (16 centrifugals); loss on factory and machinery, \$300,000; war claim, \$235,021.34. Also claim No. 393 on same estate of Matilde Soler de Pla, of New York City, \$216,666.66. Total, \$451,688.

*Claim No. 33.*

Pedro C. Casanova (nativity not specified), Philipsburg, Pa.; estate Centrale "Casanova," located at Jaruco, Habana Province; extent of estate, 3,300 acres; capacity of mill, 4,300 tons (6 centrifugals); loss on machinery, \$350,000; loss on cane and cane roots, \$420,000; loss on factory buildings, \$75,000; loss for use and occupation of plantation, buildings, and machinery from April 28, 1896, to December 31, 1898, \$300,000; total war claim, \$1,511,806.

*Claim No. 38.*

Jose Antonio Mesa (naturalized), 5204 Morris street, Philadelphia, Pa.

Senator TELLER. That is his residence?

Mr. PALMER. That is his residence; yes, sir.

Estate Centrale "Santisima Trinidad," located at Sabinilla, Matanzas Province; extent of estate not stated. Loss on 1,890 acres of cane, \$81,000; loss on machinery, \$45,000; loss on 24,000 tons cane, \$108,000; war claim, \$117,335.

The CHAIRMAN. Where did you say that Santisima Trinidad estate is located?

Mr. PALMER. At Sabinilla, Matanzas Province.

Senator TELLER. What is the total of the claim?

Mr. PALMER. It is here \$117,335. That is wrong.

Senator TELLER. I think you had better go on. You can correct that afterwards.

Mr. PALMER. All right; I will make a memorandum here.

Also claim No. 401 on same estate, by Francisca Aurelia Bartlett von Glumer (native of New York City), for \$397,071.91; total, \$514,406.91.

*Claim No. 72.*

Juan Peoli et al. (native), New York City, estate Centrale "Triumverato," located in Matanzas Province. Loss on 3,500,000 arrobas of cane, \$93,450.14; loss on 64 colonas, \$101,850; loss on machinery, \$28,000; output from 3,500,000 arrobas of cane (3,900 tons). They managed the estate. Swear they sent their agent, Cristobal Alfonso, to superintend the property, which he did.

War claim, \$22,663.63. Also claim of Cristobal Alfonso (No. 76), \$168,966.30. Total, \$191,629.93.

*Claim No. 82.*

Joseph Menendez (native American), New York City, estate Centrale "Luisa," located at Guamacaro, Matanzas Province; annual output, 45,000 sacks (6,500 tons), total war claim, \$536,145.50.

*Claim No. 119.*

Antonio J. Navarro et al. (naturalized), Washington, D. C., estate Centrale "Victoria," located at Guamacaro, Matanzas Province; extent of estate, 1,090 acres (90 in cane); loss on machinery, \$2,400; total war claim, \$32,025.81.

That is one, Mr. Senator, if I remember, especially, where they state the troops simply carried off some parts of the machinery.

The CHAIRMAN. The Spanish troops or the Cuban troops, which?

Mr. PALMER. I do not remember.

*Claim No. 122.*

Andrew Jova, et al. (naturalized), Newburgh, N. Y., estate centrale "Natalie," located at Sagua la Grande, Santa Clara Province; 1,866 acres cane destroyed on "Mapos," 4,476,400 arrobas, at \$2 per 100; 1,000 acres cane destroyed on San Fernando and Natividad, 2,400,000 arrobas, at \$1 per 100; total, 2,866 acres, 6,876,400 arrobas of cane; sugar production (10 per cent), 7,650 tons. Total war claim, \$149,131.

*Claim No. 133.*

George K. Thorndike (native American), 233 Fifth avenue, New York; estate centrale "Santa Ana;" located Sagua la Grande, Santa Clara Province; extent of estate, 4,000 acres, 1,000 in cane; value of estate, \$400,000; value of cane, \$150,000; swears that total net income after paying all expenses is \$23,622.62; total war claim, \$288,387.86.

*Claim No. 151.*

José Gregoria Delgado (naturalized), Washington, D. C.; estate centrale "Dolores;" located Matanzas Province; extent of estate, 666 acres; 1,000,000 arrobas of cane, \$37,000; "to net revenue of the Dolores sugar plantation during the five remaining years of the lease, at the rate of \$20,000 each, \$100,000;" total war claim, \$181,534.

*Claim No. 156.*

Concepcion Venecia et al. (naturalized), Brooklyn, N. Y.; estate centrale "Esperanza;" located, Manzanillo, Santiago de Cuba Province; extent of estate, 6,066½ acres; mill cost \$70,000; Jose Venecia died at Amityville, N. Y.; total war claim, \$290,500.

*Claim No. 200.*

Hugh McCulloch et al. (native American), Yonkers, N. Y.; estate centrale "Uinidad;" located Calabazar, Santa Clara Province; value of estate, \$100,000; total war claim, \$43,089.56.

*Claim No. 201.*

Alice E. Shoenberge et al. (native American), New York City.

I do not know who the others were, but she was a native of New York City.

Estate centrale "Santa Amalia," located at Lagunillas, Santa Clara Province.

I have observed that in some of those that appear in the printed list of claims before the Spanish Treaty Claims Commission there does not appear the name of the main estate. They sometimes have two estates, and in compiling this list they have not always gotten the main estate.

Senator TELLER. You examined the petitions, did you not?

Mr. PALMER. Yes, sir.

Extent of estate, 1,100 acres; capacity (47,000 bags), 6,700 tons; "loss from not grinding 47,000 bags, \$47,000;" total war claim, \$125,463.

*Claim No. 205.*

Perfecto Lacoste et al.—

You will observe, Mr. Chairman, that in the printed list of claims before the Commission his address is given as Habana. In the petition it is stated that he is French; that he came to America when 12 years old; that his residence is in Cincinnati, where he registers and votes, and that he is temporarily in Cuba; so I have put it under this classification—

Estate centrale "Lucia," located in Caimito de Guayabal, Pinar del Rio Province. Extent of estate, 7,656 acres, 4,998 in cane; capacity, 8,500 tons (60,000 bags); loss on crops, \$703,448.54; total war claim, \$907,637.80.

*Claim No. 212.*

Antonia Bachiller de Ponce de Leon (native American), 115 West Eighty-first street, New York City; estate centrale "La Merced" (a) Ponce, located Guamacaro, Matanzas Province extent of estate, 2,277 acres; total war claim, \$54,833.38.

*Claim No. 241.*

Lucas A. Diaz, et al. (naturalized in New York 1875; resides in New York much of the time; all other business relations are in the United States), New York; estate centrale "Feliz" and "Trinidad;" located at Bolondron, Matanzas Province; extent of estate, 3,500 acres, 2,900 in cane; plantation worth \$700,000; total war claim, \$251,936.75.

*Claim No. 265.*

Cristobal N. Maden (naturalized in 1850), New York City; estate centrale "La Rosa;" located at Jovellanos, Matanzas Province; extent of estate, 2,067 acres; loss on machinery, \$15,000; total war claim, \$469,991.

*Claim No. 273.*

Guillermo de Zaldo, et al (nativity not specified, Havemeyer's brokers), New York City. Estate Centrale, "San Francisco del Semillero," located at Palmillos, district of Colon, Matanzas Province; 1902 output (estimate by Habana correspondent of Louisiana Planter), 5,600 tons; loss on machinery, \$60,000. Total war claim, \$98,182.

The CHAIRMAN. These parties are put down in this list of claims before the Commission as basing their claims on the fact that they are owners of the mortgage on the plantation, and that their security was to a great extent destroyed.

Mr. PALMER. I found that in some petitions, and there were perhaps six or eight. I first compiled those and then I concluded to take them all out. I do not know whether this was one of them or not. I could tell by referring to my notes that I made from the petition. I will look that up and see.

*Claims Nos. 280 to 285.*

Samuel P. Colt (guardian for Leonora Caldwell, native American), Bristol, R. I. Estate Centrale "San Ricardo." Located Guamutas, Matanzas Province. Extent of estate, 1,600 acres.

This part of the war claim is \$30,154.68.

The CHAIRMAN. Four of these claims seem to be the same claim put in the names of different parties.

Mr. PALMER. Yes, sir; they are part owners in the estate.

*Claim No. 281, on the same estate.*

Malcolm D. Caldwell, Victoria, New South Wales; war claim, \$30,154.68.

*Claim No. 282.*

Anita S. Caldwell, Gardners, Epping, England; war claim, \$30,154.68.

*Claim No. 283.*

John W. Caldwell, Cardenas, Matanzas Province; war claim, \$30,154.68.

*Claim No. 284.*

Josiah S. Caldwell, London, England; war claim, \$60,309.36.

*Claim No. 285.*

Samuel Norris (guardian), Bristol, R. I.; war claim, \$105,853.45.

Total claims on "San Ricardo" estate, \$286,781.53.

*Claim No. 315.*

Ines Espinosa de Angarica et al. (widow, naturalized), No. 320 West Twenty-third street, New York City; daughters, Lucretia and Rosa, 75 Rue Chaillot, Paris, France; Lus Angarica, 21 Rue de Lubeck, Paris, France; Maria Angarica, 122 East Thirty-fourth street, New York; Rosa Angarica, 121 Madison avenue, New York; estate centrale, "Desempeño;" located at Roque, Matanzas Province; extent of estate, 2,385 acres, 1,320 in cane; loss on machinery, \$39,386; loss on buildings, \$113,924; total war claim, \$226,604.05.

*Claim No. 374.*

Henry A. Himlly et al. (naturalized), New York City, N. Y.; estate centrale, "Occitania;" located at Macagua, Matanzas Province; extent of estate, 9,466 acres, 5,233 in cane; output, at 2½ tons per acre, 13,000 tons; total war claim, \$526,800.

*Claim No. 376.*

Serafina J. Perez de Buzi (naturalized), Fort Meade, Fla.; estate central "La Esperanza," also "La Zurapa," located at Sancti Spiritus, Santa Clara Province; extent of estate, 1,333 acres; loss on 1,033 acres cane, \$155,000; loss on sugar mill, \$40,000. Total war claim, \$99,225.

*Claim No. 387.*

Edwin F. Atkins (native American), Boston, Mass.; estate central "Soledad," located at Cienfuegos, Santa Clara Province; extent of estate, 12,000 acres, 5,000 in cane; capacity of mill, 12,000 tons of sugar; loss on cane, \$125,908.21. Total war claim, \$247,899.22.

*Claim No. 388.*

Francisco del Valle (citizen by virtue of his mother's naturalization in 1858), New York City; estate central "San Fernando," located at Sancti Spiritus, Santa Clara Province; extent of estate, 11,000 acres; loss on machinery and buildings, \$48,000; loss on cane fields, \$112,140. Total war claim, \$675,017.

*Claim No. 397.*

Fernando Pons (naturalized 1896), 6 Boulevard des Capucines, Paris, France; estate central "Santa Maria," located at Guantanamo, Santiago Province; output, 4,200 tons of sugar; extent of estate, 2,611 acres, 1,841 in cane; cost to rehabilitate estate, \$110,100; would have produced 100,000,000 pounds of cane, 10,250,000 pounds of sugar, yielding net profit of 50 per cent per 100 pounds; claims loss for one year's profits, \$51,250; claims loss of 100,000 pounds of granulated sugar, at \$2.24 per 100 pounds, hence cost to produce was figured at \$1.74 (\$2.24, less 50 per cent) if it was raw sugar that was carried off on November 30, 1896. Total war claim, \$472,699.03.

I knew I had a claim here for Ceballos.

*Claim No. 414.*

Juan M. Ceballos (nativity not specified), 80 Wall street, New York; estate central "Teresa," located at Melena del Sur, Habana Province; extent of estate, 9,768 acres; output, 5,700 tons (8 centrifugals); value of estate, \$700,000. Total war claim, \$40,953.60.

On this estate there is another war claim by Charles W. Wells, of New York, for \$50,880, and one by Emilio Puiz, of New York, for \$113,760, making a total claim on this estate of \$205,593.60.

The CHAIRMAN. Puiz is a naturalized citizen here and Wells is a native.

Mr. PALMER. You were asking about Ceballos, and I see it does not state in his petition whether he is a native or naturalized.

*Claim No. 454.*

J. L. Ramirez & Co. (J. L. Ramirez naturalized 1870, the others are all native Americans), New York City; estate central, "Salvado," located at Calicito, Santiago Province; extent of estate, 118,000 acres; cane destroyed, \$110,000; machinery destroyed, \$45,000; buildings destroyed, \$15,000; loss of three years' profits, \$240,000. Total war claim, \$516,932.01.

*Claim No. 475.*

Whiting & Co. (native Americans), Franklin, Mass.; estate central "El Triunfo," located at Alto Songo, Santiago Province; extent of estate, 1,533 acres; loss of profits, \$20,000 a year. Total war claim, \$243,447.50.

*Claim No. 478.*

Francisco Gustavo la Rosa (his father was born in Germany and naturalized in Boston, Mass., in 1869), New York City; estate centrale "Ysabel," located in Matanzas Province; extent of estate, 3,000 acres, 2,466 in cane; capacity, 8,640 tons (12 centrifugals); total war claim, \$1,103,832.

The war claim on this estate is \$1,103,832. I do not know whether it is necessary to specify here or not, Senator; but you remember in the corporations I took out the Tinguara from this and put it in there, so I give this as \$1,103,832, although it says in the full claim \$1,600,000 or \$1,700,000.

*Claim No. 480.*

William R. and Thomas Morgan (native Americans); estate centrale "Santa Augustine" and "Puray Lympia," located at Lagunillas, Matanzas Province; extent of estate, 860 acres; loss, machinery, \$50,000; total war claim, \$141,382.

*Claim No. 481.*

H. B. Hollins and William K. Vanderbilt (executors for Fernando Iznaga, deceased, native), New York City; estate centrale "San Augustine," located, Cabanas, Pinar del Rio; 1902 output, 8,500 tons (La Planter); total war claim, \$9,958.20.

*Claim No. 483.*

Dolores Castaneda de Auza, Philadelphia, Pa. (husband naturalized 1859). Estate centrale "Santa Ana" and "Santa Ysabel," located San Luis, Santiago Province; extent of estate, 6,500 acres; loss on cane, \$360,000; loss on machinery, \$21,500; total war claim, \$440,772.50.

Now, these five or six which I have included in this list are not people who have war claims, but are taken from the testimony before this committee.

Beattie & Co., England. Name of estate, centrale "Isabel;" located at Manzanillo; capacity, 15,000 tons (Kelly, p. 154, Senate Committee).

The CHAIRMAN. Wait one moment. Do you suppose that "Isabel" is the same one you have given under claim No. 478.

Mr. PALMER. No, sir; I find it is a very common name down there, and they spell it in two ways. Beattie spells his with an I, and in claim No. 478 it is spelled, I remember, with a Y.

The CHAIRMAN. You do not think it is the same?

Mr. PALMER. No, sir; and they are in different provinces.

W. Ramsden (English). Location of estate, "Alto Songo." (See General Wood's list, p. 173.)

Fowler & Co. (English). Location of estate, Cruces. (See General Wood's list, p. 173.)



Brooks & Co., England. Location of estate, Gibara, Santiago Province. Capacity, 30,000 tons. (Kelly, p. 153, Senate committee.)

James McKinley (deceased), England. Centrale Romoli. (Kelley, p. 153, Senate committee.)

That covers the list, so far as I have been able to make it up, of people living in this country and Europe who own central sugar factories in Cuba. I notice, from looking over Mr. Browne's list, that a good many are given there which I have no record of. I do not mean that this is complete, by any means, but it is as far as I have been able to compile it.

The CHAIRMAN. What did you say about Mr. Browne; that he has some that you have not?

Mr. PALMER. Yes, sir.

The CHAIRMAN. Is it or is it not possible or probable that the same estates that you mentioned are in the list of Mr. Browne under some other name? For instance, I see that Mr. Browne has a very much larger and longer list under the head of "American syndicates, firms, individuals, and Cuban Americans" than you have, apparently, and you have given a list about as long as he has, which he does not apparently mention at all. Now, may it not be a fact that the two are identical, under different names? I do not undertake to explain it in my own mind at all.

Mr. PALMER. If it will be of any service to you, Mr. Chairman, I will have Mr. Browne's list run on a typewriter, so that it can be cut up, and General Wood's list, and my own list, and segregate them, cut them up, put them together, and see where we land.

The CHAIRMAN. I am not very particular about it. Mr. Browne, if I remember, stated that he had the names of 205 centrales in operation in Cuba, and that they comprised the entire list. I do not know whether you can tell that any of these estates that are mentioned in the war claims were so destroyed that they are not in operation now. I do not know whether you know about that.

Mr. PALMER. I would have no means of getting at that other than General Wood's statement and Mr. Browne's statement.

The CHAIRMAN. I noticed that you mentioned a good many estates that do not seem to be mentioned under the same names in this list that is furnished by Mr. Browne, and I presume in the list furnished by General Wood. It is possible some of them may be mentioned by different names. It is possible that some you mention of the war claims may have been destroyed and not started again.

Mr. PALMER. That is possible.

The CHAIRMAN. I do not know how that may be.

Senator TELLER. Senator, I understand that the War Department now has a list of their own that they claim to represent the real holdings as near as they can get it in Cuba.

The CHAIRMAN. How much does that differ from Mr. Browne?

Senator TELLER. That I do not know. That is one of the things I have not been able to get. I should like to have you call for it and let us see what it is.

Mr. PALMER. I have here a summary of what I have just gone over.

Senator TELLER. That is just like that other summary?

Mr. PALMER. Yes, sir.

Senator TELLER. We will put it in.

The paper referred to is as follows:

RECAPITULATION.

Cuban centrales owned by American citizens residing in the United States, France, and England.

	Name.	Acres.	Acres in cane.	Capacity.	War Claim.
66	Andres L. Terry, Paris, France.....			7,200	\$588,468.75
90	.....do.....	2,400	2,300	7,900	408,088.00
91	Antonio E. Terry, Paris, France.....	13,197	3,000	.....	202,700.00
398	Francisco J. Terry, Paris, France.....	5,233	5,000	25,000	1,155,045.63
5	Maria Solar de Martinez, Washington, D. C.....		2,300	11,500	451,688.00
33	Pedro C. Casanova, Philipsburg, Pa.....	3,300	.....	4,300	1,511,806.00
38	Jose Antonio Mesa, Philadelphia, Pa.....		1,890	.....	514,406.91
72	Juan Peoli, New York City.....		1,400	3,900	191,629.93
82	Joseph Menedez, New York City.....			6,500	536,145.50
119	Antonio J. Navarro, Washington, D. C.....	1,090	90	.....	32,025.81
122	Andrew Jova, Newburg, N. Y.....		2,866	7,650	149,131.00
133	George K. Thorndike, 233 Fifth avenue, New York.....	4,000	1,000	.....	288,387.86
151	Jose Gregoria Delgado, Washington, D. C.....	666		.....	181,534.00
156	Concepcion Venecia, Brooklyn, N. Y.....	6,066		.....	290,500.00
200	Hugh McCulloch, Yonkers, N. Y.....			.....	43,089.56
201	Alice E. Shoengerger, New York City.....	1,100		6,700	125,463.00
205	Perfecto Lacoste, Cincinnati, Ohio.....	7,656	4,998	8,500	907,637.80
212	Antonia Bachjiller de Ponce de Leon, 115 West Eighty-first street, New York.....	2,277		.....	54,833.33
241	Lucas A. Diaz, New York.....	3,500	2,900	.....	251,936.75
265	Cristobal N. Maden, New York City.....	2,067		.....	469,991.00
273	Guillermo de Zaldo, New York City.....			5,600	98,182.00
280	} Samuel P. Colt, Bristol, R. I.....	1,600			286,781.53
285					
315	Ines Espinosa de Angarica, 320 West Twenty-third street, New York.....	2,385	1,320	.....	266,604.05
374	Henry A. Himely, New York City.....	9,466	5,233	13,000	526,800.00
376	Serafina J. Perez de Buzi, Fort Meade, Fla.....	1,333	1,033	.....	99,225.00
387	Edwin F. Atkins, Boston, Mass.....	12,000	5,000	12,000	247,899.22
388	Francisco d del Valle, New York City.....	11,000		.....	675,017.00
397	Fernando Pons, Paris, France.....	2,611	1,841	4,600	472,699.03
414	Juan M. Ceballos, New York.....	9,768		5,700	205,593.60
454	J. L. Ramirez & Co., New York City.....	118,000		.....	516,932.01
475	Whiting & Co., Franklin, Mass.....	1,533		.....	243,447.50
478	Francisco Gustavo la Rosa, New York.....	3,000	2,466	8,640	1,103,832.00
480	Wm. R. & Thos. Morgan, New York.....	860		.....	141,382.00
481	H. B. Hollins and Wm. K. Vanderbilt, New York.....			8,500	9,958.20
483	Dolores Casteneda de Auza, Philadelphia.....	6,500		.....	440,772.50
601	Beattle & Co., England.....			15,000	.....
602	W. Ramsden, England.....			.....	.....
603	Fowler and Co., England.....			.....	.....
604	Brooks & Co., England.....			30,000	.....
605	James McKinley (deceased), England.....			.....	.....

Summary of Cuban sugar centrales owned by Americans living in the United States and Europe.

Number of estates.....	41
Estates having war claims.....	35
Total amount of war claims.....	\$13,646,544.91
Average amount of each claim.....	\$389,901.28
Total acreage of 26 estates.....	232,608
Average acreage of each of the 26 estates.....	8,946
Estimated total acreage of the 41 estates (8,946 each).....	366,786
Total acreage in cane on 17 estates.....	44,637
Lowest cane acreage given.....	90
Highest cane acreage given.....	5,000
Average cane acreage of each of the 17 estates.....	2,625
Estimated total cane acreage of the 41 estates (2,625 each).....	107,625
Total sugar capacity of 20 factories (long tons).....	201,690
(As 2 of the 20 factories are of exceptional capacity, we will deduct the capacity of these 2 in order to obtain a fair average of the balance, and then add the capacity of the 2.)	
Total sugar capacity of 18 factories (long tons).....	156,690
Average capacity of the 18 factories.....	8,705
Estimated total sugar capacity of 39 (8,705 each).....	339,495
Capacity of the two plants excluded from above.....	55,000
Estimated total capacity of the 41.....	394,495

*Summary from standpoint of cane acreage.*

The average sugar product in Cuba, as testified to by planters who appeared before the Committee on Ways and Means, is 2½ tons to the acre. Hence, the actual output from these 107,625 acres of cane fields operated by the 41 factories was 269,062 tons, or 70 per cent of the total estimated capacity, leaving but 125,000 tons, or 30 per cent of the total, to have been furnished the factories by farmers who grow cane for that purpose.

From the testimony of Cuban planters it would appear that a far greater percentage of the cane than this is raised by farmers who do not operate factories. Thus it would appear that the above figures are more than conservative.

The CHAIRMAN. Mr. Palmer, I do not want to cross-examine you a great deal specifically about these things, but I want to ask a few questions right here, as it may save time in the end. What was your business before you engaged in raising fruit orchards in California and disposing of them? What has been your general occupation?

Mr. PALMER. My business has been the newspaper business all my life, with the exception of some years, when I established and operated a press clipping and private information bureau.

The CHAIRMAN. What papers did you represent?

Mr. PALMER. I was the western manager of the old New York Daily Graphic for a great many years, of the New York World, of Frank Leslie's illustrated newspaper, and of Judge, of New York.

Senator TELLER. At what place?

Mr. PALMER. Chicago.

The CHAIRMAN. You say that after you failed to dispose of the incipient beet-sugar establishment, you came here to stay until this matter which is now before Congress was disposed of. Perhaps I have not stated it exactly, but that was the substance of it?

Mr. PALMER. Yes, sir.

The CHAIRMAN. What induced you to take such a lively interest in this legislation?

Mr. PALMER. Simply this: If we fail to have legislation in regard to reduction of duties to Cuba, I think I will have no difficulty in being the means of building a beet-sugar factory about once a year; that had been my intention.

The CHAIRMAN. Do you mean to say you are what is called a promoter?

Mr. PALMER. You might call it that.

The CHAIRMAN. You do not own personally any beet-sugar factory or land now?

Mr. PALMER. No, sir; no beet-sugar land.

The CHAIRMAN. And so since you came here—when was it that you came—in January?

Mr. PALMER. I came in January.

The CHAIRMAN. Since then I judge you have been devoting your time principally to matters connected with this legislation?

Mr. PALMER. Yes, sir.

The CHAIRMAN. And as I believe they say in the organization to which some of us belong, "Without the hope or fear of reward?"

Mr. PALMER. Well, without any hope of reward.

The subcommittee thereupon adjourned until Saturday, June 7, 1902, at 10 o'clock a. m.

SUBCOMMITTEE OF COMMITTEE ON RELATIONS WITH CUBA,  
UNITED STATES SENATE.  
*Washington, D. C., June 7, 1902.*

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham and Teller.

**TESTIMONY OF TRUMAN G. PALMER—Resumed.**

Senator TELLER. Go on, Mr. Palmer.

Mr. PALMER. Before proceeding with my testimony I will state, in reply to questions asked of me on Thursday, that I have been unable to ascertain whether Mr. Ceballos is of French or Spanish extraction.

I find that the capital stock of the Narcisa Sugar Company is \$150,000.

The war claim No. 38, for \$117,335, does not represent the footing of the three items, \$81,000, \$45,000, and \$108,000. These items are not totalized, but are a part of the losses claimed under petitions 38 and 401, the total claims on this estate being \$514,406.91, as stated at the end of the items given concerning this claim.

I find that claim No. 273 is a claim on account of mortgage, being one of seven mortgage claims on sugar estates, the seven claims totalizing \$473,195.63.

The CHAIRMAN. You mean by that, Mr. Palmer, that the people who file the claims claim they were holding mortgages on the property?

Mr. PALMER. Yes, sir.

The CHAIRMAN. And their mortgage security was depreciated?

Mr. PALMER. Yes, sir. Judging from the testimony that the practical effect of mortgages on Cuban sugar estates was that the mortgagee really owns the property, to all intents and purposes, I should say that the capacity of these heavily mortgaged properties ought to be figured in as American, but my intention was to exclude them all from the list I offered. So far as I am aware, the one above mentioned is the only one included in the statements I have prepared.

In looking over Governor Wood's list, I find given as Cuban 16 concerns which I mentioned last Thursday as American, some of them corporations and some of them individuals; for instance, the Rosario Sugar Company, of New York and Aguaconde; the Feliz Sugar Company, of New York and Bolondron; the Mercedita Sugar Company, of New York and Cabanes; Manuel Larrondo, of Calabazar, and Tomas de Ona, of the same place; McCulloch Brothers, of Yonkers, N. Y.; Antonio Terry factory, of Paris, France, and Cienfuegos; the Hormiguero Sugar Company, of New York and Camarones; Francis S. Rusel, Habana; J. L. Ramires & Co., of New York and Manzanillo; the Chaparra Sugar Company, of New York and Puerto Padre; the Mercedita Sugar Company, of New York and Cabanes; the Constancia Sugar Company, of New York and Constancia; Diaz Anza, at San Luis; and Firman D. Sola.

Senator TELLER. Do you say those were given as owned by Cubans?

Mr. PALMER. Yes, sir; as owned by Cubans.

Senator TELLER. Do you find them in this list?

Mr. PALMER. Yes, sir. I simply took these out in going over the list. I have made no absolute comparison further than as I ran on these names that seemed familiar I looked them up and find that he has these in as Cubans.

The CHAIRMAN. I judge from an answer you made to Mr. Teller that those have all claims before the Spanish Claims Commission.

**Mr. PALMER.** All except, I think, the Feliz Sugar Company, of Bolondron. That I have in a list here.

**Senator TELLER.** How do you find that that is an American concern?

**Mr. PALMER.** The Feliz Sugar Company?

**Senator TELLER.** Yes.

**Mr. PALMER.** They are in the directory in New York, and I have a copy here of their incorporation at Trenton. I have not looked over Mr. Browne's list of factories further than to note that he gives several American factories concerning which I have no definite information. I have also noticed a half dozen which he gives as Spanish, which the petitions before the Spanish Treaty Claims Commission show to be American.

**Senator TELLER.** In Mr. Browne's list?

**Mr. PALMER.** Yes, sir.

**The CHAIRMAN.** Is it not true that you also refer to a good many which he does not mention at all?

**Mr. PALMER.** Yes, sir.

In submitting the previous list of American corporations operating in Cuba, I neglected to furnish any details as to the Cuban Land and Sugar Company. This company was incorporated in Delaware March 9, 1900; capital stock, \$100,000. Their office is located at 70 State street, Boston, which is five doors from the United Fruit Company, which is at No. 60 State street. The Louisiana Planter had a notice concerning this factory as follows:

"The Cuban Land and Sugar Company have just contracted for the planting with cane of 10,000 acres of land at San Nicolas. The company, which had heretofore sold their cane to the neighboring factories, intends to establish a mill to grind it for their own account."

That notice was reproduced in the testimony before the Ways and Means Committee on page 279.

Now we come to the next list. I submit herewith a list of corporations the names of which I only secured last Wednesday, so late that I am unable to furnish this committee with as detailed information as I was able to on the other list of corporations, and hence I classify them under a separate heading.

Cuba Planter's Company, of New Jersey, incorporated January 15, 1902; capital stock, \$500,000. Five incorporators are given, one of whom is Mr. Kenneth K. McLaren, who was also one of the incorporators of the United Fruit Company.

The San Lorenzo Sugar Company (Limited), of New Jersey, incorporated April 15, 1902; capital stock, \$1,500,000. There are three incorporators, none of whose names I find connected with any of the corporations.

**The CHAIRMAN.** Who are they?

**Mr. PALMER.** Albert R. Palmer, Walter H. Band, and Edmund T. Magoffin. I think Albert Palmer is of the Albert Palmer Company, that issues the Buyers' Guide of New York, a man of considerable wealth.

The Cuban Sugar Refining Company, of New Jersey, incorporated October 22, 1901; capital stock, \$300,000. There were five incorporators, one of whom is Mr. McLaren, who as stated is also an incorporator of the United Fruit Company.

The Cuban Central Unidad Sugar Company, of New Jersey, incorporated December 17, 1901; capital stock, \$750,000. Amount of stock



with which the company commenced business, \$300,000, of which Hugh McCulloch subscribed for 2,998 shares. Hugh McCulloch, of Yonkers, N. Y., who has filed war claim No. 200, for \$43,098.56 against the Government on account of the damages done the "Central Unidad" estate, is one of the incorporators.

The North American Sugar Company, of New Jersey, incorporated June 19, 1901; capital stock, \$100,000. There are eight incorporators of this company, one of whom is Mr. George R. Fowler, of H. H. Pike & Co., 134 Pearl street, New York, who testified before the Committee on Ways and Means in January as a Cuban planter, and he owns 930 of the 1,000 shares.

The Lucia Sugar Company, incorporated November 21, 1900; capital stock, \$100,000; incorporators, Benjamin W. Morrill, John Farr, and George C. Kobbe. Mr. Kobbe, one of these incorporators, was also one of the incorporators of the Cuban-American Sugar Company and of the Chaparra Company, and Benjamin W. Morrill, another one of these, was one of the incorporators of the Trinidad Sugar Company.

The Cuban Land Syndicate, of New Jersey, incorporated April 15, 1902; capital stock, \$125,000. Three incorporators are given, none of whose names I have been able to trace to any of the other companies. They are Mr. J. Frank Hackstaff, Christian Z. F. Ratt, and George W. Floucke, jr.

The Feliz Sugar Company, of 112 Wall street, New York, and those which follow, have I not the data concerning their incorporation. This company is at the same number with the Central Tuinucu Sugar Cane Manufacturing Company, and is undoubtedly the Feliz Sugar Company which General Wood and Mr. Browne both refer to as operating a sugar estate at Bolondron. I have not given that in any previous list.

Located at the same number, 112 Wall street, New York, is the Cuban Sugar and Land Company.

The American Cane Sugar Extraction Company is located at 35 Wall street, New York.

The Cuban Plantations Company has offices at 63 Wall street.

The Guanica Centrale Company has its offices at 146 Water street, New York.

In the list of Cuban-American corporations which I submitted day before yesterday the average amount of the capital stock of thirteen of the seventeen (all that I had this information on, except the United Fruit Company, which, I understand, employs much of its capital in other branches of its business other than the sugar industry) is exactly \$320,000 for each concern. This is the previous list.

The CHAIRMAN. The first list?

Mr. PALMER. Yes, sir. Of this present list of 10 companies the capital stock of each company given is a trifle over \$535,000, or 40 per cent more per estate than is the capital stock of the other list. This matter of capital stock is the only basis of comparison which I can submit, and I admit that it is not the best evidence as to the size of their estates.

For this reason, and to allow liberally for any possible discrepancies where information is not full and complete, instead of estimating their estates as being 40 per cent larger than the others, I will rate them at 50 per cent under the others, although they are presumably operating average sized corporation estates.



The averages of the other corporations were as follows——

The CHAIRMAN. Will a question right there disturb you?

Mr. PALMER. Not at all.

The CHAIRMAN. Do you know whether they are operating at all or not these last incorporated establishments which you have given?

Mr. PALMER. No, sir; I do not.

The CHAIRMAN. You do not know whether they are really operative estates or whether they are on paper?

Senator TELLER. When you do not know that, you had better put it down.

Mr. PALMER. Yes, sir.

Senator TELLER. Wherever you do not know that, just mention that you do not know whether they are operating or not; and when you do not say anything about that, we will assume they are not operating.

Mr. PALMER. Yes, sir. The averages of the other corporations were as follows: Average acreage, each concern, 36,631; average acreage of cane, 4,165.

Senator TELLER. What company is that you are giving now?

Mr. PALMER. That is the first list. The average annual sugar capacity in long tons, 15,025. The average output from factory cane fields alone, at 2½ tons per acre, 10,412.

Figuring the ten just given on the basis of 50 per cent of the others, the following results would be arrived at: Total acreage of the ten, 173,155; total acreage in cane, 20,825; total annual sugar capacity, 75,125 tons; total capacity from the factory cane fields, 52,060.

I have put that in a summary.

Senator TELLER. That may go in as your conclusions.

Mr. PALMER. I have not drawn any conclusions, but I have stated my method.

Senator TELLER. Let that go in as a statement, then.

The paper referred to is as follows:

*Summary of third classification.*

Number of Cuban-American corporations .....	10
Total acreage of the 10 .....	173, 155
Total acreage of the 10 in cane .....	20, 825
Total annual sugar capacity (long tons) .....	75, 125
Total capacity from factory cane fields .....	52, 060

Mr. PALMER. I haven't it all completed, but I would like to have go in there as a connecting link, those of this list which are located on Wall street and the Wall street concerns previously mentioned, as indicating that they are in the same bunch, and that I can complete in a few minutes when we get through the session.

Senator TELLER. Of course there is no objection to putting it in. Make an explanation when you put it in of what it is.

Mr. PALMER. Yes, sir.

The paper referred to is as follows:

**WALL STREET CUBAN AND AMERICAN SUGAR INTERESTS.**

[NOTE.—Names in italics are sugar-refining interests.]

Guanica Centrale, 46 Wall street.

Cuban Plantations Company, 63 Wall street.

Constancia Sugar Company, 69 Wall street.

Hormiguero Central Company, 69 Wall street.  
 Central Teresa Sugar Company, 71 Wall street.  
 Rosario Sugar Company, 80 Wall street.  
 Narcisa Sugar Company, 80 Wall street.  
*National Sugar Refining Company*, 109 Wall street.  
*B. H. Howell, Son & Co.*, 109 Wall street.  
 Chaparra Sugar Company, 109 Wall street.  
 Mercedita Sugar Company, 109 Wall street.  
 Cuban-American Sugar Company, 109 Wall street.  
*Czarnikow, MacDougall & Co.*, 112 Wall street.  
 Felix Sugar Company, 112 Wall street.  
 Cuban Sugar and Land Company, 112 Wall street.  
 Central Tuinucu Sugar Cane Manufacturing Company, 112 Wall street.  
 Francisco Sugar Company, 112 Wall street.  
*American Sugar Refining Company*, 117 Wall street.  
 Trinidad Sugar Company, 117 Wall street.

Mr. PALMER. Now we come to the fourth classification.

Senator TELLER. What is that?

Mr. PALMER. This is "Cuban sugar centrales owned by American citizens residing in Cuba." The original list of corporations was the first; the owners of Cuban sugar centrales residing in the United States and Europe was the second. The second list of corporations was the third, and this list of Cuban centrales owned by Americans living in Cuba I make a classification of.

The fourth classification is made up entirely from data contained in the owners' petitions for damages, now on file with the Spanish Treaty Claims Commission, and comprises estates which not only grow cane, but manufacture it into sugar.

This list is confined to "centrale" estates the owners of which are American citizens who reside in Cuba.

Senator TELLER. All this you get from the Spanish Claims Commission?

Mr. PALMER. Entirely.

The CHAIRMAN. And you include as American citizens both native-born citizens and naturalized citizens?

Mr. PALMER. Yes, sir.

Senator TELLER. Residing in Cuba?

Mr. PALMER. Yes, sir. I would like a copy of that pamphlet of the war claims.

*Claim No. 12.*—Josefa de Ayala y Zayas, Habana. Estate central Recompensa.

Total war claim, \$159,150.

*Claim No. 13.*—Isabel Molinet Perez, Sancti Spiritus. Estate central Esperanza. Extent of estate, 891 acres. Loss on machinery, \$40,000.

Total war claim, \$59,700.

*Claim No. 27.*—Gonzalo Morejon et al., Matanzas. Estate central Gonzalo; also Margurite. Extent of estate, 3,200 acres. Loss on buildings and machinery, \$60,000.

Total war claim, \$330,616.60.

*Claim No. 39.*—Frederico P. Monte (naturalized 1872), Nueva Poz.

Central Alianza, located at Los Vegas, Habana Province. Extent of estate, 5,000 tons cane lost. Loss on sugar mill, \$92,500.

Total war claim, \$140,359.23. Also claim No. 342, Margarite Monte, New York City, \$10,359.23. Total, \$150,718.46.

*Claim No. 70.*—Guillermo Machado (naturalized). Extent of estate, 565 acres. Loss on machinery, \$101,770. Capacity, 2,100 tons (3 centrifugals).

Total war claim, \$209,838.34.

*Claim No. 88.*—I. Larrondo (member of firm of Larrondo & Co., Sagua la Grande, which lease the Central Triumvirato; his interest, forty-seven one hundredths). Location of estate, Calabazar, Santa Clara Province. Loss in 1896, 5,000 bags, 1,400 tons.

Total war claim, \$122,748.94.

*Claim No. 98.*—Juan Francisco Portuondo y Barcelo, Santiago de Cuba. (Naturalized, 1877; lived in New York, 1871 to 1877. Retired from business in 1899 and has since been living in Barcelona, Spain.) Central Palmarijo. Location of estate, Santiago de Cuba. Extent of estate, 3,300 acres. Capacity, 2,900 tons (4 centrifugals). Put in \$40,000 new machinery. Loss on mill, \$120,000.

Total war claim, \$145,000.

*Claim No. 116.*—Francis Seiglie (naturalized 1888), Habana city. Central Saratoga. Location, Santo Domingo. Extent of estate, 2,970 acres. Capacity, 4,300 tons (6 centrifugals). Loss on mill, \$353,517.

Total war claim, \$872,427.

*Claim No. 142.*—Jose Domingo Masses (naturalized at Troy, N. Y., 1881). Central Dos Amigos. Location, Sagua la Grande. Extent of estate not given, 1,122 acres cane destroyed.

Total war claim, \$185,338.87.

*Claim No. 155.*—Alexander F. Martinez (naturalized 1881; father lived in New York), Habana. Central Recompensa. Extent of estate not given. Fifty million arrobas cane destroyed; loss, \$60,000. Capacity, 4,300 tons (6 centrifugals). Loss on cane roots, \$138,000. Loss on buildings, machinery, \$55,000.

Total war claim, \$370,750.

*Claim No. 193.*—Miguel de la Vega, Habana city. Central Casa. Location, San Juan y Martinez. Capacity, 2,200 tons (3 centrifugals).

Total war claim, \$41,793.35.

*Claim No. 228.*—Carlos J. Marsillan (naturalized at Philadelphia, 1881), Cienfuegos. Central Santa Ysabel. Location, Camarones. Loss on machinery, \$20,000.

Total war claim, \$33,000.

*Claim No. 268.*—Francis S. Rosal (naturalized, New York), Habana city. Central Dolores and five other estates. Location, Matanzas Province. Extent of estate, 9,842 acres, 5,709 in cane.

Total war claim, \$475,675.

*Claim No. 274.*—Fermin de Sola (naturalized 1873), Cuba. Central Cieneguita. Extent of estate not given, 6,105 acres in cane. Location, Abreus, Santa Clara Province. Loss on cane, \$265,000. Mill not injured.

Total war claim, \$285,000.

*Claim No. 275.*—Francisco M. Morales (naturalized 1875), Habana City. Central Campo Alegre. Location of estate, Guane, Pinar del Rio Province. Extent of estate, 3,196 acres, 563 in cane.

Total war claim, \$120,281.83.

*Claim No. 276.*—Henry Heidegger (naturalized at Albany, N. Y.).

1858), Habana City. Central Santa Catalina and central San Jose de Camerioca. Location of estates, Colon, Matanzas Province, and Cardenas. Catalina, 2,400 acres, 1,333 in cane; Camerioca, 1,067 acres, 650 in cane. Capacity Camerioca plant, 2,900 tons (4 centrifugals). Loss on buildings and machinery, Camerioca, \$108,000.

Total war claim, \$792,453.

*Claim No. 277.*—Casimiro Perez y Dias (naturalized in Colorado, 1877), Habana City. Estate, central Olimpo, and other plantations. Location of estate, Carlos Rojas. Extent of estate, 6,451 acres, 3,580 in cane. Damage to machinery, \$13,000.

Total war claim, \$225,371.25.

*Claim No. 299.*—Thomas de Ona (naturalized), Sagua la Grande. Centrale Purio. Extent of estate, 1,518 acres.

Total war claim, \$579,800.

*Claim No. 379.*—Luis Alfaya, executor, Manuel Jose de Rojas (deceased was a native American). Estate, centrale San Rafael. Location of estate, Remedios. Extent of estate, 63,184 acres, 4,465 in cane. Loss on machinery, \$54,000.

Total war claims, \$525,250.56.

*Claim No. 382.*—Victorio Fowler de Cabada, Cienfuegos City. (Her husband was a native. She lived at Asheville, N. C., until 1879. She is a daughter of George Fowler, deceased, of Fowler & Co., of Cienfuegos.) Estate, centrale Parque Alto. Location of estate, San Fernando. Extent of estate, 14,586 acres. Also centrale Dos Hermanos, 5,709 acres.

Total war claim, \$148,579.55.

*Claim No. 383.*—Amelia Maria Castener y Baro de Coronado (husband naturalized in New York, 1897), Habana City. Estate, centrale Santa Burbura; also Buena Ventura and Santa Inez. Location, Roque. Extent of estate, 2,250 acres. Capacity, 5,600 tons (8 centrifugals). Loss on machinery, \$42,000.

Total war claim, \$388,558.18.

*Claim No. 384.*—Carlos Maria Desvernin (naturalized 1876), Habana City. Estate, central Santisima Trinidad. Location, La Catalina. Extent of estate, 1,320 acres. One million nine hundred and sixty thousand arrobas of cane destroyed.

Total war claim, \$206,055.33.

There is also war claim No. 231 on this estate, filed by Carlos Maria des Vernon, native of New York City, for the same amount.

The CHAIRMAN. It is not so in this list of claims.

Mr. PALMER. I will look that up. There must be two claims before the Commission, or I would have run onto this. I will look that up.

Senator TELLER. You can see whether that is correct or not by looking at the papers in each case.

Mr. PALMER. Yes, sir; the original document. I have a memorandum on one of them that he was naturalized in 1876. In the other he is a native of New York City. I could have gotten it from no other place than the petition. It may be he filed one claim as a naturalized citizen and another as a native; but I will look it up.

*Claim No. 385.*<sup>1</sup>—Maria Garcia y Pino (widow of Durio), Cuba. Estate, centrale Eco. Location, Rancho Veloz. Loss on cane, \$90,000.

Total war claim, \$789,200.

<sup>1</sup> NOTE.—I find that there are two petitions on file by the same party, covering the same property, each claim for the same amount. It is evidently a duplication.—TRUMAN G. PALMER.

*Claim No. 400.*—Maria Isabel Narino de Mola (husband was naturalized in New York in 1868), Santiago City. Centrale Ysabel; also El Siguel. Location, Guantanamo. Extent of estate, 4,909 acres.

War claim, \$31,250. Also claim No. 402 of heirs of Dr. Augustas Wilson, \$35,870.35. Total, \$67,120.35.

*Claim No. 406.*—Jose A. Robert (naturalized in New York in 1878), Santiago City. Centrale San Juan de la Vega. Location, Santiago. Extent of estate, 500 acres. Loss on machinery, \$10,000.

Total war claim, \$80,000.

*Claim No. 413.*—William and Joaquin Machado (naturalized 1875). I presume I should have stated which one that was, but I neglected to do so.

They reside at Cienfuegos. Central Santa Rita. Three hundred and sixty-one acres in cane. Location, San Diego del Valle. Loss on machinery, \$75,000.

Total war claim, \$417,340.

The CHAIRMAN. That includes pineapple and banana groves, tobacco, corn, palm, and fruit trees as well as sugar. It does not distinguish between the sugar loss and the other losses, does it?

Mr. PALMER. No, sir. In some of them there is quite a loss on buildings, though I have endeavored not to take any that did not show a fairly large loss on cane. These folks certainly run a sugar mill there.

*Claim No. 417.*—Oscar Giguel (native American), Cuba. Centrale San Jose (a) Buen Hijo; also La Reform. Location, Guayabal. Loss on machinery, \$63,281.

Total war claim, \$118,580.20.

*Claim No. 468.*—Rosalie de Torres de Larrieu (husband naturalized in New York, 1875), Cardenas. Name of estate, Precioso. Extent of estate, 2,031 acres; 1,666 in cane. Extent of leased lands, 4,562; 2,300 in cane. Total, 6,593 acres; 3,966 in cane.

Total war claim, \$1,228,500.

*Claim No. 476.*—Patriocio Ponce de Leon (naturalized, New York, 1879), Cardenas.

Estate, central Ponce. Located at Cardenas. Extent of estate, 2,300 acres; 1,666 in cane. Capacity of mill, 2,900 tons (4 centrifugals). Loss on machinery, \$64,000.

Estate, San Laureno. Located near Ponce. Extent of estate, 1,000 acres; 600 in cane.

Estate, central Indio. Located at Aguada, Santa Clara Province. Extent of estate, 1,888 acres; 666 in cane. Capacity not given.

Estate, San Jacinto. Located adjoining Indio. Extent of estate, 916 acres; 594 in cane.

Estate, Delite and others. Extent of estate, 866 acres; 266 in cane.

Estate, Mammey. Extent of estate, 333 acres; 333 in cane.

Total acreage, 7,303; 4,125 in cane.

Total war claim, \$1,266,950.

*Claim No. 487.*—Maria Yznaga de Alvarez (husband naturalized 1890), Habana city. Central San Augustin.

Total war claim, \$75,717.66.

That covers that list. I have a summary of that which I think it would be wise to put in, the same as the others.

Senator TELLER. Have you gotten through with that?

Mr. PALMER. That is the end of that list; yes, sir.



Senator TELLER. This summary is made up on the same plan as the other one?

Mr. PALMER. Yes, sir.

Senator TELLER. Let that go into the record.

The paper referred to is as follows:

Recapitulation—Cuban centrales owned by American citizens residing in Cuba.

No. of claim.	Name.	Acres.	Acres in cane.	Capacity.	War claim.
12	Josefa de Ayala y Zayas, Habana .....				\$159,150.00
13	Isabel Molinet Perez, Sancti Spiritus .....	891			59,700.00
27	Gonzalo Morejon, Matanzas .....	3,200			330,616.60
39,842	Frederico P. Monte, Nueva Paz .....				150,718.48
70	Guillermo Machado, San Diego del Valle .....	565		2,100	209,838.34
88	Ignacio Larrondo, Sagua la Grande .....				122,748.94
98	Juan Francisco Portuondo y Barcelo, Santiago de Cuba .....	3,300		2,900	145,000.00
116	Francis Seiglie, Habana City .....	2,970		4,300	872,427.00
142	Jose Domingo Masses .....		1,122		185,338.87
155	Alexander F. Martinez, Habana .....			4,300	370,750.00
193	Miguel de la Vega, Habana City .....			2,200	41,793.35
228	Carlos J. Marsillan, Cienfuegos .....				33,000.00
268	Francis S. Rosal, Habana City .....	9,842	5,709		475,675.00
274	Fermin de Sola, Cuba .....	6,105			285,000.00
275	Francisco M. Morales, Habana City .....	3,196	563		120,281.83
276	Henry Heidegger, Habana City .....	2,400	1,333		792,453.00
	.....do .....	1,067	650	2,900	
277	Casimiro Perez y Dias, Habana City .....	6,451	3,580		225,371.25
299	Thomas de Ona, Sagua la Grande .....	1,518			579,800.00
379	Luis Alfaya .....	63,184	4,465		525,250.56
382	Victoria Fowler de Cabada, Cienfuegos .....	14,586			148,579.55
	.....do .....	5,709			
383	Amelia Maria Castener y Baro de Coronado, Habana City .....	2,250		5,600	388,558.18
384,231	Carlos Maria Desvernin, Habana City .....	1,320			412,110.66
385	Maria Garcia y Pino, Cuba .....				789,200.00
400,402	Maria Isabel Narino de Mola, Santiago City .....	4,909			67,120.35
406	Jose A. Robert, Santiago City .....	500			80,000.00
418	Wm. & Joaquin Machado, Cienfuegos .....		361		417,340.00
417	Oscar Giguel, Cuba .....				118,580.20
487	Maria Yznaga de Alvarez, Habana .....				75,717.66
468	Rosalie de Torres de Larrieu, Cardenas .....	6,593	3,966		1,228,500.00
476	Patricio Ponce de Leon, Cardenas .....	7,303	4,125		1,266,950.00
	.....do .....			2,900	

Summary of Cuban sugar centrales owned by American citizens residing in Cuba.

Number of estates .....	31
Total amonnt of war claims .....	\$10,677,569.80
Average amount of each claim .....	\$344,447.41
Total acreage of 21 estates .....	148,159
Average acreage of each of the 21 .....	7,055
Estimated total acreage of the 31 (7,055 each) .....	218,705
Total acreage in cane on 11 estates .....	30,874
Average cane acreage of each of the 11 .....	2,806
Estimated total cane acreage of the 31 (2,806 each) .....	86,986
Total sugar capacity of 8 estates (long tons) .....	27,200
Average capacity of each of the 8 .....	3,400
Estimated total sugar capacity of the 31 (3,400 tons each) .....	105,400
Output of 31 estates from cane raised on the same, 86,986 acres at 2½ tons per acre .....	217,465

Mr. PALMER. The fifth classification is made up entirely from data contained in the owner's petitions for damages, now on file with the Spanish Treaty Claims Commission.

This list comprises estates which do not appear to manufacture sugar, but grow cane to sell to neighboring factories.

The owners of these estates are American citizens who reside in the United States.

Claim No. 24.—Petrona Maldones (naturalized), New York City.



Estate located at Guines, Habana Province. Extent of estate not stated; 50 acres in cane.

Total war claim, \$21,500.

*Claim No. 84.*—Jose Maria Puentes (naturalized), New York City. Estate Cuarton Claudio, located at Corral Falso, Matanzas Province. Extent of estate not stated; 200 acres in cane.

Total war claim, \$47,550.

*Claim No. 86.*—J. R. Sowers (native American), Warrenton, Va. Estate located at Sagua la Grande, Santa Clara Province. Extent of estate, 1,000 acres—500 in cane.

Total war claim, \$335,000.

*Claim No. 87.*—Antonio M. Toscano (naturalized), Astoria, Long Island. Estate Asuncion. Located at Madruga, Habana Province. Extent of estate, 191 acres—150 in cane.

Total war claim, \$27,062.50.

*Claim No. 120.*—Paul Brooks, by Richard K. Sheldon, executor, Rutland, Vt. Estate Los Canos. Located at Guantanamo, Santiago Province. Extent of estate, 21,000 acres. Cost, \$800,000.

Total war claim, \$110,315.05.

*Claim No. 199.*—Antonio Carillo de Alboronz, y O'Farrill (naturalized), New York City. Estate La Moscotte and Jicarita and Calabaza. Located at Palmillas, Matanzas Province. Extent of estates, 1,947 acres—1,848 in cane.

Total war claim, \$183,274.34.

*Claim No. 204.*—Lucia Lacoste (husband naturalized in 1878; he is registered and votes in Cincinnati, Ohio; is temporarily in Cuba), Cincinnati, Ohio. Estates, Sociedad and La Benita. Located in Macagua and Alfonso XII, Matanzas Province. Extent of estate, 2,805 acres, 693 in cane.

Total war claim, \$238,252.73.

*Claim No. 207.*—Adolfo Santa Maria et al (naturalized in 1878), New York City (Luis, Alice, and Henry (children) reside at 503 West One hundred and forty-seventh street, New York City). Estate, Eden Park. Located at Macurijes, Matanzas Province. Extent of estate, 1,150 acres.

Total war claim, \$215,756.64.

*Claim No. 209.*—Asuncion Toscano (naturalized), Paris, France. Estate, San Marcos. Located Catalina, Habana Province. Extent of estate, 333 acres.

Total war claim, \$10,090.90.

*Claim No. 210.*—Isaac Carrillo de Albornoz O'Farrill (naturalized), New York City. Estate El Porvenir and Jicarita y Calabanza. Located at Palmillas, Matanzas Province. Extent of estate, 2,343 acres, 1,881 in cane.

Total war claim, \$149,202.91.

*Claim No. 211.*—Joseph Miguel Fernandez Morrell (native American), New York City. Estate, La Faja. Located in Palmillas, Matanzas Province. Extent of estate, 2,211 acres.

War claim, \$93,499.79; also claim No. 208, of Andres Fernandez Morrell, for \$115,071.12; total, \$208,570.91.

*Claim No. 214.*—Rosa A. Maragliano (naturalized), New Orleans, La. Estate, La Juanita. Located Jagney Grande, Matanzas Province. Extent of estate, 1,203 acres; 400 in cane.

Total war claim, \$22,545.46.

*Claim No. 216.*—Juana Maria C. de Maragliano (naturalized), New Orleans, La. Estate, La Loma. Located Sagua la Grande, Santa Clara Province. Extent of estate, 330 acres; 297 acres in cane.

Total war claim, \$23,540.  
*Claim No. 250.*—Edwin F. Atkins et al. (native Americans, W. G. Beal native, Peter M. Beal naturalized in 1850), Boston, Mass. Estate, Guabairo. Located Cienfuegos, Santa Clara Province. Extent of estate, 1,244 acres, mostly in cane.

Total war claim, \$80,833.14.  
*Claim No. 292.*—Albert Valentin de Goicuria et al. (lived in United States since 1864; naturalized 1872), New York City. Estate Horizonte. Located at Ceja de Pablo, Santa Clara Province. Extent of estate, 3,785½ acres; 1,340 acres in cane.

Total war claim, \$140,915.  
*Claim No. 329.*—Miguel Rodriguez (naturalized 1872), New York City. Estate Perla. Located at Nuevitas, Puerto Principe Province. Extent of estate, 916¾ acres.

Total war claim, \$61,099.  
*Claim No. 335.*—Victor Virgilio Vila Gonzales (naturalized 1895 and moved to New York City in 1885), New York City. Estate La Granja. Located at Cienfuegos, Santa Clara Province. Extent of estate, 1,650 acres; 1,320 in cane.

Total war claim, \$76,000.  
*Claim No. 469.*—Luis O. Vidal et al. (naturalized in 1877; four of the children born in New York), Habana City. Estate Admiracion. Located in Matanzas Province. Extent of estate, 233 acres; 142 in cane.

Total war claim, \$30,916.  
That is the end of that classification, and I have the summary for that the same as the others. The paper referred to is as follows:

*Recapitulation—Cuban sugar estates (not centrales) owned by American citizens residing in the United States.*

No. of claim.	Name.	Acres.	Acres in cane.	War claim.
24	Petrona Maldones, New York.....		50	\$21,500.00
84	Jose Maria Puentes, New York.....		200	47,550.00
86	J. R. Sowers, Warrenton, Va.....	1,000	500	335,000.00
87	Antonio M. Toscano, Astoria, Long Island.....	191	150	27,062.50
120	Paul Brooks, Rutland, Vt.....	21,000		110,315.05
199	Antonio Carrillo de Alboronz y O'Farrill, New York City.....	1,947	1,848	183,274.34
204	Lucia Lacoste, Cincinnati, Ohio.....	2,805	693	238,252.73
207	Adolfo Santa Maria, New York.....	1,150		215,756.64
209	Asuncion Toscano, Paris, France.....	333		10,090.90
210	Isaac Carrillo de Alboronz O'Farrill, New York.....	2,343	1,881	149,202.91
211, 208	Joseph Miguel Fernandez Morrell, New York.....	2,211		208,570.91
214	Rosa A. Maragliano, New Orleans, La.....	1,203	400	22,545.46
216	Juana Maria C. de Maragliano, New Orleans, La.....	330	297	23,540.00
250	Edwin F. Atkins, Boston, Mass.....	1,244	1,200	80,833.14
292	Albert Valentin de Goicuria, New York.....	3,785	1,340	140,915.00
335	Victor Virgilio Vila Gonzales, New York.....	1,650	1,320	76,000.00
329	Miguel Rodriguez, New York.....	916		61,099.00
469	Luis O. Vidal, Habana.....	243	142	80,916.00

*Summary of Cuban cane-growing estates (not centrales) owned by American citizens residing in the United States.*

Number of estates.....	18
Total amount of war claims.....	\$1,592,661.44
Average amount of each claim.....	\$110,134.69
Total acreage of 16 estates.....	42,351
Average acreage of each of the 16.....	2,646
Estimated total acreage of the 18 (2,646 each).....	43,628

Total acreage in cane on 13 estates.....	10,021
Average cane acreage of each of the 13.....	770
Estimated total acreage of the 18 (770 each).....	13,860
Estimated sugar product (long tons) at 2½ tons per acre.....	34,650

Senator TELLER. What is the next class?

Mr. PALMER. The sixth classification is made up entirely from data on file with the Spanish Treaty Claims Commission, and comprises Cuban sugar estates which do not appear to operate factories, but grow cane to sell to neighboring factories.

The list is confined to cane-growing estates the owners of which are American citizens who reside in Cuba.

The CHAIRMAN. The last was a list of American citizens who resided in New York?

Mr. PALMER. Yes, sir.

*Claim No. 2.*—Jose F. Delgado (naturalized), Caibarien. Estate La Rosa. Located at Cabarien, Santa Clara Province. Extent of estate, 1,934 acres; 365 in cane. Loss on cane, \$20,000.

Total war claim, \$131,718.

*Claim No. 6.*—Concpcion J. Diaz de Clark (married Clark, an American), Habana. Estate Manga Laza. Located at Santo Domingo, Santa Clara Province. Extent of estate not given, 400 acres in cane.

Total war claim, \$116,335.

*Claim No. 7.*—George Fortin (native American), Habana, estate Encrucijada; estate located at Cabanas, Pinar del Rio Province; 400 acres in cane.

Total war claim, \$22,450.

*Claim No. 14.*—Raimundo Cabrera y Bosch (naturalized), Habana, estate, La Chuca (and other estates); estates located at Guines and San Nicolas, Habana Province; 198 acres.

Total war claim, \$87,464.97.

*Claim No. 23.*—Jose Trujillo y Armas (naturalized), Guines, Habana; estate, Santa Rosa; estate located at Guines, Habana Province; 800,000 arrobas of cane lost in three years. Loss on cane, \$60,000.

Total war claim, \$114,600.

*Claim No. 47.*—Ricardo Machado (naturalized), Santo Domingo city. Name of estate not given. Estate located at Santo Domingo, Santa Clara Province; 694 acres cane destroyed.

Total war claim, \$101,452.

*Claim No. 48.*—Antonio A. Martinez (nativity not specified), Habana City. Estate, San Antonio. Estate located at Aguacate, Habana Province; 396,000 arrobas cane destroyed; loss \$25,700.

Total war claim, \$50,150.

*Claim No. 68.*—Peter S. Rodriguez (naturalized), Santa Clara Province. Estate, Amelia. Estate located Santa Clara Province; 83 acres of cane destroyed; loss \$6,000.

Total war claim, \$55,187.

*Claim No. 81.*—Josefa Valdés y Español (naturalized 1872), widow of Jose Maria de Quitana y Warnes, Habana city. Estate, La Malta. Estate located at Hato Nuevo, Matanzas Province; 528 acres.

Total war claim, \$38,865.

*Claim No. 85.*—Frederick Comas (came to the United States in 1856; lived in New York and Philadelphia until 1879), Cardenas, Matanzas Province. Estate, El Platano. Estate located Cartagenas, Santa Clara Province; 270 acres.

Total war claim, \$30,000.

*Claim No. 99.*—Severino Caraballo (naturalized), Matanzas, Matanzas Province (one-half interest). Estate, Mararilla. Estate located in Guira, Matanzas Province; 660 acres.

Total war claim, \$101,500.

*Claim No. 100.*—Jose Maria Caraballo y Govin (naturalized), Habana, Habana Province. Estate, Jagney Grande. Estate located in Corral Falso, Matanzas Province. Aguacate, Habana Province; 133 acres; 130 in cane.

Total war claim, \$136,270.

*Claim No. 109.*—Fernando Perez (naturalized 1884), Habana, Habana Province. Estate, San Antonio, Pulgaron, Batalla; 712 acres. Estates located in Pipian, Habana Province.

Total war claim, \$60,214.25.

*Claim No. 113.*—José Martin Dueñas (naturalized 1870), Perico, Matanzas Province. Estate, Tentative, San Vincente. Estates located Perico, Jovellanos, Laguinillas, Matanzas Province.

Total war claim, \$110,638.

*Claim No. 128.*—Rafael B. Espinosa (naturalized in 1876), Matanzas city. Estate Pura y Limpia. Estate located Sabanilla, Matanzas Province; 58 acres in cane; loss on cane, \$5,000.

Total war claim, \$9,882.

*Claim No. 129.*—Cecilio de la Maza, Arredondo (naturalized 1880, resided in New York many years), Matanzas city. Estate Numancia and Almanca. Estate located Aguacate, Habana Province; 1,016 acres, 924 in cane.

Total war claim, \$187,982.

*Claim No. 131.*—Francisco Rodriguez y Vierra (naturalized 1874), Matanzas city. Estate, San Francisco. Estate located Macagua, Matanzas Province; 156 acres, 66 in cane.

Total war claim, \$10,820.

*Claim No. 134.*—Antonio Maria Jiminez y Quevedo (naturalized 1876), Santa Clara, Santa Clara Province. Estates Pamona and San Antonio. Estates located in Esperanza, Santa Clara Province; 381 acres, 351 in cane.

Total war claim, \$42,539.

*Claim No. 138.*—Thomas F. Rodriguez (naturalized in 1876), Matanzas city. Estates San Jose de Rodriguez and San Jose de Miguel. Estates located in Isabel, Matanzas Province; 925 acres. Damage to crops, \$48,000.

Total war claim, \$126,800.

*Claim No. 143.*—John F. Jova (naturalized), Sagua la Grande city. Estate Colona of the Central Marina. Estate located in Sagua la Grande, Santa Clara Province; 167 acres of cane destroyed.

Total war claim, \$25,245.

*Claim No. 154.*—John Galup (naturalized 1875), Matanzas city. Estate Befujio. Located in Ceiba Mocha, Matanzas Province; 133 acres; 100 in cane.

Total war claim, \$45,531.

*Claim No. 161.*—Francisco Gustavo Moreno de la Torre (naturalized 1895), Habana city. Estate Union. Located in Guanayagabo and Maximo Gomez, Matanzas Province; 1,023 acres; 160,000 arrobas cane destroyed.

Total war claim, \$100,061.15.

*Claim No. 175.*—Joaquin Perez Cruz (naturalized), Sancti Spiritus city. Estate Jobo Grande and others. Located in Sancti Spiritus, Santa Clara Province; 2,000 acres.

Total war claim, \$102,375.

*Claim No. 184.*—José A. Ferrer, executor, et al. (naturalized), Habana city. Estate Estrella. Located at Alquizar, Habana Province; losses on cane, \$16,000.

Total war claim, \$45,000.

*Claim No. 197.*—George Becket (native American), Camajuani, Santa Clara Province. Estate San Rafael. Located at Caibarien, Santa Clara Province; 4,983 acres, 1,346 in cane.

Total war claim, \$141,000.

*Claim No. 213.*—William A. Glenn (native American) et al., Sagua la Grande, Santa Clara Province. Estate Quaquena. Located in Sagua la Grande, Santa Clara Province; 264 acres cane destroyed.

Total war claim, \$28,425.

*Claim No. 215.*—Amado Leonard (naturalized 1869), Habana city. Estate Combute and Caridad (latter leased). Estate located Cabezas, Matanzas Province; 1,233 acres, 600 in cane.

Total war claim, \$59,927.27.

*Claim No. 219.*—José S. Morales (naturalized 1877), Habana city. Estate San Gabriel and others. Estates located Jaruco, Habana Province; Carlos Rojas and Maximo Gomez, Matanzas Province; 6,791 acres, practically all in cane.

Total war claim, \$388,046.

*Claim No. 221.*—Maria Luisa Gobel y Muñoz (husband naturalized 1874), Cuba. Estate Dos Rios. Estate located Palmillas, Matanzas Province; 14,892 acres, 858 in cane.

Total war claim, \$214,917.28.

*Claim No. 223.*—Pastor Grablier y Chirino (naturalized), Palmillas, Matanzas Province. Estate La Fe and Caridad. Estate located Palmillas, Roque, Matanzas Province; 348 acres, 303 in cane.

Total war claim, \$47,832.

*Claim No. 224.*—Domingo D. Medina (naturalized), Maximo Gomez. Estate Aquarium. Estate located Maximo Gomez, Matanzas Province; 190 acres.

Total war claim, \$72,258.30.

*Claim No. 234.*—Mercedes Montalvo y de la Cautera de Martinez (married to son of naturalized citizen), Havan City. Estate Encarnacion. Estate located Corral Falso, Matanzas Province.

Total war claim, \$200,000.

*Claim No. 238.*—Teresa Montalvo Kessel (husband naturalized in New York, 1876), Habana city. Estate Concepcion and Redencion. Estate located Sabanilla, Matanzas Province, Bahia Honda, Pinar del Rio Province; 4,158 acres. Loss on cane, \$85,000.

Total war claim, \$101,952.

*Claim No. 242.*—Lucas A. Diaz (naturalized), Bolondron, Matanzas Province. Estate Santa Rita and Luisa. Estate located Bolondron, Matanzas Province; 424 acres, 366 in cane.

Total war claim, \$61,462.

*Claim No. 252.*—Carmen Villalon de Queseda (naturalized), Santiago de Cuba. Estate San Juan de Buena Vista and two other estates. Estates located in Santiago Province; 2,638 acres, 666 in cane.

Total war claim, \$234,595.

*Claim No. 256.*—Ignacio Ruperto Cabrera (naturalized in 1873),



Santa Lucia, Santiago Province. Estate (name not given). Estate located in Gibara, Santiago Province; 193 acres of cane.

Total war claim, \$9,120.

*Claim No. 259.*—Catalina Gumersinda Vinda de Rolando (husband was a native of Charlestown, S. C.), et al., Jovellanos, Matanzas Province. Estate San Carlos and Marianita. Estate located in Matanzas Province. Loss mostly on cane.

Total war claim, \$35,025.

*Claim No. 266.*—Francisco M. Tafara (naturalized), Sagua la Grande, Santa Clara Province. Estate (name not given). Estate located Sagua la Grande, Santa Clara Province; 160 acres of cane destroyed.

Total war claim, \$25,964.

*Claim No. 286.*—Victorina Olivia Normand de Guerrero (native of New York City), Matanzas, Cuba. Estate Santa Maria and Constancia. Estate located, Matanzas Province; 528 acres.

Total war claim, \$46,637.

*Claim No. 313.*—José Ignacio Toscano (naturalized 1873), Artemisa, Pinar del Rio. Estate Armistad. Estate located, Artemisa, Pinar del Rio Province.

Total war claim, \$82,500.

*Claim No. 318.*—Emilio Fernandez Cabada and others (naturalized), Cienfuegos, Santa Clara Province. Estate Jibaru. Estate located, Abreus, Santa Clara Province; 580 acres, 450 in cane.

Total war claim, \$62,500.

*Claim No. 319.*—Emilio Fernandez Cabada (naturalized), Cienfuegos, Santa Clara Province. Estate Mata. Estate located, Abreus, Santa Clara; 600 acres, 400 in cane.

Total war claim, \$62,500.

*Claim No. 320.*—Maria Sanchez de la Torre (naturalized in Philadelphia, 1877), Cienfuegos, Santa Clara Province. Estate, Via Mones. Estate located Abreus, Santa Clara Province; 500 acres in cane.

Total war claim, \$62,500.

*Claim No. 321.*—Nicolas Suaraz del Villar et al. (naturalized), Cienfuegos, Santa Clara Province. Estate, La Piragua. Estate located in Abreus, Santa Clara Province; 215 acres, 135 in cane.

Total war claim, \$12,177.

*Claim No. 333.*—Francisco Xavier Calvar (naturalized), residence not specified. Estates, Canada Honda, Veintiuna, and Ranchon. Estates located in [location not given].

Total war claim, \$300,000.

*Claim No. 336.*—Angel Gronlier (his father was a native American), Habana City. Estate, Jolo. Estate located Roque, Matanzas Province; 150 acres in cane.

Total war claim, \$29,329.

*Claim No. 337.*—Julia Bouvier de Broch (naturalized), Habana city. Estate, Elizalda. Estate located Colon, Matanzas Province.

Total war claim, \$469,300.

*Claim No. 340.*—Albert Broch (naturalized), Habana, Habana Province. Estates, Mercedes, Santa Rosa, Atrevido. Estates located Colon, Matanzas Province.

Total war claim, \$607,772.

*Claim No. 390.*—Enriqueta Echarte de Farrés (naturalized), Habana city. Estate, Colonia Virginia. Located Guines, Habana Province; 1,000 acres.

Total war claim, \$48,000.



*Claim No. 392.*—Miguel Zaldivar (naturalized), Habana city. Estate, Oriente. Located Puerto Principe Province; 600 acres in cane.

Total war claim, \$82,000.

*Claim No. 418.*—Juan B. Carrillo de Albornoz (naturalized in New York in 1886), Cuba. Estate Mararilla. Estate located in Macuriges, Matanzas Province; 166 acres in cane.

Total war claim, \$36,000.

*Claim No. 471.*—Pedro M. Hernandez (naturalized in New York in 1877), Guines, Habana Province. Estate Concepcion. Estate located in Guines, Habana Province; 600 acres; 393 in cane.

Total war claim, \$164,580.

*Claim No. 474.*—Artruro Averhoff (naturalized in New York, 1881), Aguacate, Habana Province. Estate Esmeralda. Estate located in Habana Province; 450 acres; 132 in cane.

Total war claim, \$73,325.

*Claim No. 486.*—Peter E. Rivery (native of New Orleans), Palma Soriano, Santiago Province. Estate Esperanza. Estate located in Palma Soriano, Santiago Province.

Total war claim, \$80,676.

*Claim No. 491.*—Joseph R. Lombard (formerly lived in New York) et al, Cienfuegos city. Estate El Braze. Estate located at Cienfuegos, Santa Clara Province.

Total war claim, \$56,500.

Here is a summary of that class.

Senator TELLER. That is just like the other, is it?

Mr. PALMER. Just like the others; yes, sir.

The paper referred to is as follows:

*Recapitulation—Cuban sugar estates (not centrales) owned by American citizens residing in Cuba.*

No. of claim.	Name.	Acres.	Acres in cane.	War claim.
2	Jose F. Delgado, Caibarien .....	1,984	365	\$131,718.00
6	Concepcion J. Diaz de Clark, Habana.....		400	116,335.00
7	George Fortin, Habana .....		400	22,450.00
14	Raimundo Cabrera y Bosch, Habana.....	198		87,464.97
23	Jose Trujillo y Armas, Guines, Habana .....			114,600.00
47	Ricardo Machado, Santo Domingo city .....		594	101,452.00
48	Antonio A. Martinez, Habana city .....			50,150.00
68	Peter S. Rodrigues, Santa Clara Province .....		83	55,187.00
81	Josefa Valdes y Espanol, Habana city .....	528		38,865.00
85	Frederick Comas, Cardenas, Matanzas Province .....	270		30,000.00
99	Severino Caraballo, Matanzas, Matanzas Province.....	660		101,500.00
100	Jose Maria Caraballo y Govin, Habana, Habana Province.....	133	130	136,270.00
109	Fernando Perez, Habana, Habana Province.....	712		60,214.25
113	Jose Martin Duenas, Perico, Matanzas Province .....			110,638.00
128	Rafael B. Espinosa, Matanzas city .....		58	8,882.00
129	Cecilio de la Maza Arredondo, Matanzas city .....	1,016	924	187,982.00
131	Francisco Rodriguez y Vierra, Matanzas city.....	156	66	10,820.00
134	Antonio Maria Jimenez y Quevedo, Santa Clara, Santa Clara Province.	381	351	42,539.00
138	Thomas F. Rodriguez, Matanzas city.....	925		126,800.00
143	John F. Jova, Sagua la Grande city .....		167	25,245.00
154	John Galup, Matanzas city .....	133	100	45,531.00
197	George Becket, Camajuani, Santa Clara Province.....	4,983	1,346	141,000.00
161	Francisco Gustavo Moreno de la Torre, Habana City .....	1,023		100,061.15
175	Joaquin Perez Cruz, Sancti Spiritus City .....	2,000		102,375.00
184	Jose A. Ferrer, Habana City .....			45,000.00
213	William A. Glean, Sagua la Grande .....		264	28,425.00
215	Amado Leonard, Habana City.....	1,233	600	59,927.27
219	Jose S. Morales, Habana City .....	6,791	6,600	388,046.00
221	Maria Luisa Gobel y Muffoz, Cuba.....	14,892	858	214,917.28
223	Pastor Grahlier y Chirino, Palmillas .....	348	303	47,832.00
224	Domingo D. Medina, Maximo Gomez .....	190		72,258.80

Recapitulation—Cuban sugar estates (not centrales) owned by American citizens, etc.—C't'd.

No. of claim.	Name.	Acres.	Acres in cane.	War claim.
234	Mercedes Montalvo y de la Cautera de Martinez, Habana City.			\$200,000. 00
238	Teresa Montalvo Kessel, Habana City.	4,158		101,952. 00
242	Lucas A. Díaz, Bolondron	424	366	61,462. 00
252	Carmen Villalon de Quesada, Santiago de Cuba.	2,638	666	234,595. 00
256	Ignacio Ruperto Cabrera, Santa Lucia.		193	9,120. 00
259	Catalina Gumersinda Vinda de Rolando, Jovellanos.			35,025. 00
266	Francisco M. Tafara, Sagua la Grande.		166	25,964. 00
286	Victorina Olivia Normand de Guerrero, Matanzas, Cuba.	528		46,637. 00
313	Jose Ignacio Toscano, Artemisa			82,500. 00
318	Emilio Fernandez Cabeda and others.	580	450	62,500. 00
319	Emilio Fernandez Cabada, Cienfuegos.	600	400	62,500. 00
320	Maria Sanchez de la Torre, Cienfuegos.		500	62,500. 00
321	Nicolas Suaraz del Villar et al., Cienfuegos	215	135	12,177. 00
333	Francisco Xavier Calvar (residence not specified)			300,000. 00
336	Angel Gronlier, Habana City.		150	29,329. 00
340	Albert Broch, Habana.			607,772. 00
337	Julia Bouvier de Broch, Habana City.			469,300. 00
390	Enriquetta Echarte de Farres, Habana City	1,000		48,000. 00
392	Miguel Zaldivar, Habana City		600	82,000. 00
418	Juan B. Carrillo de Albornoz, Cuba		166	36,000. 00
471	Pedro M. Hernandez, Guines, Habana Province	600	393	164,580. 00
474	Arturo Averhoff, Aguacuate	450	132	73,325. 00
486	Peter E. Rivery, Palma Soriano.			80,676. 00
491	Joseph R. Lombard, Cienfuegos City.			56,500. 00

Summary of Cuban cane-growing estates (not centrales) owned by American citizens residing in Cuba.

Number of estates	55
Total amount of war claims	\$5,749,899. 22
Average amount of each claim	\$104,543. 62
Total acreage of 30 estates.	49,699
Average acreage of each of the 30.	1,656
Estimated total acreage of the 55 (1,656 each)	91,080
Total acreage in cane on 31 estates.	17,326
Average cane acreage of each of the 31.	559
Estimated total cane acreage of the 55 (559 each)	30,745
Estimated sugar product (long tons), at 2½ tons per acre	76,862

Senator TELLER. What comes next?  
Mr. PALMER. Next comes a general summary of all these classifications.  
Senator TELLER. That may go into the record.  
The paper referred to is as follows:

General summary of the six preceding classifications of American sugar interests in Cuba.

[Class 1, American corporations; class 2, American citizens residing in the United States and Europe owning Cuban sugar factories; class 3, second list of American corporations; class 4, American citizens residing in Cuba owning Cuban sugar factories; class 5, American citizens residing in the United States owning Cuban cane-producing estates; class 6, American citizens residing in Cuba owning Cuban cane-producing estates.]

	Number of estates.	Total acreage.	Acres cane.	Tons capacity.	War claim.
Class 1.....	17	588,727	70,805	255,245	\$9,669,654. 87
Class 2.....	41	366,786	107,625	394,495	13,646,544. 91
Total .....	58	955,513	178,430	649,920	23,316,199. 78
Class 3.....	10	173,155	20,825	75,125	.....
Total .....	68	1,128,668	199,255	725,045	.....
Class 4.....	31	218,705	86,986	105,400	10,677,569. 80
Total .....	99	1,347,373	286,241	830,445	33,993,769. 58
Class 5.....	18	43,628	13,860	.....	1,592,134. 69
Total .....	117	1,391,001	300,101	.....	35,585,904. 27
Class 6.....	55	91,800	30,745	.....	5,749,899. 22
Total .....	172	1,482,801	330,846	830,445	41,335,803. 49

The CHAIRMAN. This general summary does not include Cuban or Spanish citizens owning or operating sugar estates?

Mr. PALMER. No, sir.

It will be observed that the 99 central factories have a total producing factory of 830,445 tons of sugar. This is factory capacity. The cane from their own fields of 286,24 acres, at  $2\frac{1}{2}$  tons per acre, would supply 715,602 tons of this, or 87 per cent of their capacity.

From a purely cane standpoint, the total acreage in cane by American owners, 330,846 acres, would produce, at  $2\frac{1}{2}$  tons per acre, 827,115 tons of sugar per annum.

Wherever it has been necessary to make deductions or calculations the basis on which these calculations have been made have been stated, in order that this committee might draw its own conclusions as to their conservatism and fairness. Some of these American factories for which claims for damages have been presented undoubtedly have not been rebuilt, but neither the Spaniards nor the insurgents could have destroyed the land which was in cane. The cane was undoubtedly destroyed, but the land should be in better condition to grow cane after years of idleness than it was several years ago when Cuba produced over a million tons of sugar per season.

Whatever additional scaling down may be done on the statements submitted, on the basis of inaccuracy, or misstatements on the part of the claimants for damages, the fact would seem to be patent that the holdings by American citizens of land in Cuba, which is or has been in cultivation, is of sufficient area to produce as great a crop as the entire island turned out this year, and this is less than one-fourth of the total area owned by American citizens and corporations, which I have included in my general summary.

In the above I have not taken into consideration the United Cuban refineries, which fairly well-authenticated reports state own seven estates, of the centrales Providencia, La Julia, La Flora, and San Antonio, which Mr. Rionda, on pages 176 and 177, says have a capacity of 26,000 tons output, all of which Messrs. Czarnikow, MacDougall & Co., control; or the Senado estate, of 44,000 acres, and the Santa Lucia estate, of 35,000 acres, for both of which Mr. Mosle stated, on pages 234 and 243, his firm had supplied all the money for years to conduct, and that they controlled the output; nor have I considered the Nipe Bay property, of 75,000 acres, which Mr. Preston, president of the United Fruit Company, testified his syndicate had bought; nor the Tanamo Bay property, in which Mr. Havemeyer said he held a half interest; nor the 150,000 acres of land which Sir William Van Horn states in his letter to the chairman of this committee his company has purchased, and that his company intends to erect a chain of sugar factories on the line of his road adjacent to these lands; nor Mr. Stillman's and Mr. Havemeyer's Cape Cruz company, which, according to Mr. Kelly (p. 143) and other authorities, is now purchasing the machinery for its million-and-a-half-dollar sugar factory.

None of these enormous properties, covering over 300,000 acres, figure in the testimony I have given. The development of these vast holdings would make up for a multitude of false or overdrawn statements which might have been made by our citizens when drawing their petitions and schedules of damages for which they ask this Government to pay them over \$41,000,000.

Senator TELLER. Is there anything more?

Mr. PALMER. There are two or three notes I have made. They are

not directly in the line of the investigation, and yet they are on this particular thing, and have perhaps appealed to me stronger than they would to one who had not dug these things out.

The CHAIRMAN. I do not want to go outside of the investigation.

Senator TELLER. All right; we will leave that out.

The CHAIRMAN. Mr. Browne testified that his estimate was that 20 per cent of the sugar production of Cuba was by Cubans, 30 per cent by Spaniards, 40 per cent by Americans, and 10 per cent by other foreigners owning centrales in Cuba. He gave 40 per cent as the amount of American production and 60 per cent as the amount of all others. If 40 per cent of the sugar-production capacity of Cuba is 830,000 tons, the whole capacity is 2,075,000 tons, is it not?

Mr. PALMER. Yes, sir.

The CHAIRMAN. As I understand, and as I think you have said, they have only produced in any one year, in round numbers, 1,000,000 tons?

Mr. PALMER. One million tons; yes, sir.

The CHAIRMAN. So it would seem as if Mr. Browne was either mistaken in his estimate of the production by persons of different nationality, or that you have overestimated the production by Americans, would it not?

Mr. PALMER. That would seem to be the fact, and while I have not gone carefully over Mr. Browne's figures, I think he has underestimated this one feature. Our American companies producing sugar in Cuba are great big concerns. The capacity per plant is much greater than the capacity per plant of the Cuban planters. That I know from going over these. I find that their factories are very much smaller, and whether or not Mr. Browne has taken that into his calculations, or whether he has simply said there are about so many factories American, so many German, so many Cuban, and so many Spanish, I do not know. If he divided it that way, he would make a very grave error.

The CHAIRMAN. As I understand, you have not attempted to get any statistics or estimates about the amount produced by persons strictly Cuban, Spanish, and other foreigners?

Mr. PALMER. No, sir; I have not.

The CHAIRMAN. The sugar crop for this year is said by witnesses to be from 700,000 to 750,000 tons, and your estimates would make a larger production or capacity by Americans than the entire crop of Cuba this last year, would they not?

Mr. PALMER. They would make a larger capacity.

The CHAIRMAN. You have not attempted in your figures to distinguish between capacity and production, have you?

Mr. PALMER. Except in the corporations. In the first list of corporations I gave you the capacity of the bulk of them, and the 1902 output, and gave the relative per cent, if I remember. You will find it on page 370. You will notice there I have the 1902 output for eight estates.

Senator TELLER. You did not put that in, did you?

Mr. PALMER. It is carried down in the summary below.

The CHAIRMAN. You estimated in that first recapitulation the capacity of the 17 estates at 255,000 tons, in round numbers?

Mr. PALMER. Yes, sir.

The CHAIRMAN. And the estimate of output at 240,000 tons, in round numbers?

Mr. PALMER. Yes, sir.

The CHAIRMAN. That is to say, you put the output of the American corporations at 94 per cent of their capacity?

Mr. PALMER. Yes, sir.

The CHAIRMAN. Following that same line of reasoning, and allowing 94 per cent of the capacity of these other establishments, you would still have more than the total crop of Cuba, would you not?

Mr. PALMER. That is true, Mr. Senator, but I would not think it would be——

The CHAIRMAN. Just fair?

Mr. PALMER. No, sir, because the corporations, so far as I can learn, have been the institutions of enterprise down there in the last three years, and have reestablished their cane fields and reestablished their mills and enlarged them to an extent which, so far as I am able to judge, the other people have not.

The CHAIRMAN. But I understood you to say you had not included several large properties, and that you thought that more than offset any extravagance that there might be in the statements before the Spanish Claims Commission, did you not?

Mr. PALMER. Yes, sir; those are people who have not yet become producers.

The CHAIRMAN. All of them are people who have not yet become producers?

Senator TELLER. Some of them were producers, for instance, last year.

Mr. PALMER. Except those that Mr. Mosle and Mr. Rionda testified to. Those, I did not include.

The CHAIRMAN. Right here, where do you find in the testimony of Mr. Mosle that he said that his firm had for years furnished all the money to carry on those establishments?

Senator TELLER. I suppose we can tell by looking at the evidence just what he did say.

The CHAIRMAN. He is looking at it now. I simply wanted to ask him whether he did not think he has overstated the testimony which Mr. Mosle gave on this point.

Mr. PALMER. I would like to look at the testimony of Mr. Rionda at pages 176 and 177.

The CHAIRMAN. I want to leave now. You may study on that question.

Senator TELLER. Just look it over. You can take your own time.

Mr. PALMER. I certainly did not intend to offer anything that was not fair. I think the broad statement is made by Mr. Rionda that they advanced all the money.

Senator TELLER. You may look it over.

The subcommittee thereupon adjourned until Monday, June 9, 1902, at 10 o'clock.



SUBCOMMITTEE OF THE  
COMMITTEE ON RELATIONS WITH CUBA,  
UNITED STATES SENATE,  
*Washington, D. C., June 9, 1902.*

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

**TESTIMONY OF TRUMAN G. PALMER—Resumed.**

The CHAIRMAN. You have stated somewhere in your testimony that as to the Senado estate and the Santa Lucia estate, Mr. Mosle stated, on page 243, that his firm had supplied all the money for years to conduct. Did he state that?

Mr. PALMER. Yes, sir.

Senator TELLER. Did you look it up?

Mr. PALMER. Yes, sir; I have it right here. I made a mistake in not quoting pages 233 and 243, which I had in my original paper, but not in the one I submitted. On page 233 the chairman asks:

Has your firm anything to do with the Senado and Congreso sugar plantations?

Mr. Mosle says:

Yes, sir.

The CHAIRMAN. State what it is.

Mr. MOSLE. We have been their bankers and selling agents since 1880, and we have since 1880 sold all the sugars produced on these plantations, and have furnished all the money and all the advances to carry on those factories and plantations. We hold a mortgage on the Senado plantation, which is the only one of the two in existence to-day. The Congreso is defunct, destroyed.

Senator TELLER. That seems to be right, except that your reference was wrong.

Mr. PALMER. Yes, sir; I had a double reference here, and in stating it I gave the last one and overlooked the first.

Senator TELLER. I know it made that impression on me. I was confident he had said somewhere they had furnished all the money.

The CHAIRMAN. I do not see that that has anything to do with the Santa Lucia, which was one of the corporations for which you said he had furnished all the money; but I do not think it is of a great deal of importance.

Mr. PALMER. On page 243 he connects up the relations. He does not speak of backing them up for many years, but he connects up his relations with the Santa Lucia the same as with the Senado.

Senator TELLER. That is, that he was advancing to them?

Mr. PALMER. That he was advancing to them.

Senator TELLER. That is the impression that I got.

The CHAIRMAN. On page 370 of your printed testimony is your recapitulation of Cuban sugar estates owned by American corporations, and in your summary you put your estimate of the 17 estates at 240,516 tons. As to the Hormiguero, which is the first one you mention, you have no evidence as to its actual output for 1902, have you?

Mr. PALMER. No, sir.

The CHAIRMAN. You take the capacity from Mr. Atkins's testimony before the Committee on Ways and Means?

Mr. PALMER. Yes, sir.



The CHAIRMAN. Do you know whether they are in full operation again since their losses in the war?

Mr. PALMER. You are speaking of the Hormiguero?

The CHAIRMAN. Yes.

Mr. PALMER. No; I do not. I have no personal knowledge, Mr. Chairman, of any of these companies.

The CHAIRMAN. You just take what Mr. Atkins says about their capacity, and that is all you know about that one?

Mr. PALMER. Yes, sir.

Senator TELLER. Does not Atkins in his testimony give the output at all?

Mr. PALMER. No, sir.

The CHAIRMAN. He gives the capacity in his testimony, and you take what he says?

Mr. PALMER. Yes, sir.

Senator TELLER. Does he not say anything about the output?

Mr. PALMER. Not that I remember. I think if he had stated it I would have run on to it.

The CHAIRMAN. You told all you know about that company, then, in your testimony?

Mr. PALMER. Yes, sir.

The CHAIRMAN. As to the Trinidad Sugar Company, with a capacity of 12,000 tons, you do not give any output in 1902?

Mr. PALMER. No, sir.

The CHAIRMAN. You do not give either the acres, the acres in cane, or the output?

Mr. PALMER. No, sir.

The CHAIRMAN. And you have given all you know about it?

Mr. PALMER. I have given the capacity, which is stated by Mr. Kelly, on page 145 of the testimony before this committee, to be 12,000 tons.

Senator TELLER. When you gave it from statements of that kind, you have given credit to them, have you not?

Mr. PALMER. Yes, sir. Of course you understand in looking over these various claims the petitions run all the way from two to forty pages apiece, and I necessarily had to scan them; but so far as I was able to learn—and with these large corporations I looked at them more carefully than the others—I was unable to state the acres or the acres in cane of the Trinidad company.

The CHAIRMAN. Now, take the Victoria company. All the data you gave about that is 1,500 acres in cane.

Mr. PALMER. Yes, sir; and that perhaps does not represent all they have in cane. They have one claim for damages on 45 caballerias of land, which would amount to 1,500 acres—damage on cane roots at \$1,200 per caballeria, \$54,000.

The CHAIRMAN. Then all the information you have as to their output is what you derive from their petition, which they filed with the Spanish Claims Commission?

Mr. PALMER. Yes, sir.

The CHAIRMAN. And of that you have no evidence as to their actual output in 1902?

Mr. PALMER. No, sir. Mr. Chairman, the 1902 output necessarily could not be referred to in these claims.

The CHAIRMAN. I know it, but you were trying to give the output

of these estates in 1902, and I wanted to see where you get your facts on which to estimate the output. That is all. As to the Mapos Sugar Company, you make your estimate of their output from what they file in their petition?

Mr. PALMER. No, sir.

The CHAIRMAN. Anything else?

Mr. PALMER. The only estimate made as to the output and the manner in which that estimate is made up is this. There are certain companies here, the output of which has been ascertained through the testimony before this committee. Now, if you will notice, in the summary under that recapitulation, the average 1902 output of eight estates, those being the eight concerning which information had been tendered before this committee and other substantiated sources, was 14,148 tons. That is the average of each of the eight. The only process that I used for estimating the others was to base them on the output of these which we knew, not from the claims before the Spanish Commission.

If eight estates average 14,148 tons output, I in my estimate said that seventeen estates, averaging 14,148 tons, would have an output of 240,516 tons. I did not attempt to arrive at the output from the number of acres of cane which they had destroyed, as shown in their claims before the Spanish Treaty Claims Commission; and that, as I remember, is the only classification where I have attempted at all to give the 1902 output, because in the others I have no information on which I could base a reasonable calculation, but I thought it was reasonable to calculate those that were not given, on an equality with those that were given.

The CHAIRMAN. It does not follow that the nine estates that you do not know about would average the same output as the eight estates that you do know about, does it?

Mr. PALMER. No, sir; it does not, necessarily.

The CHAIRMAN. They might be smaller estates, or they might be larger estates, and you have no information as to the extent to which those estates are operated at the present time, have you?

Mr. PALMER. No, sir.

The CHAIRMAN. I merely ask these questions because I saw that some of our newspaper friends said you had furnished a list of seventeen estates owned by American corporations which produced so much sugar in 1902.

Senator TELLER. They mean last year.

The CHAIRMAN. 1902 is what they call it. If they had given the exact method by which you arrived at it, I would not have thought it necessary to ask any of these questions, but as they seemed to assume that you had given what you knew to be the actual output, I thought I ought to show how you arrived at it.

Senator TELLER. What did you give as the estimate on the first one on the list here, Hormiguero?

The CHAIRMAN. He averaged them all at 14,148 tons.

Mr. PALMER. I only gave their capacity. I gave nothing on their output because I knew nothing of it.

Senator TELLER. But you have given later, have you not, the estimated total output for 1902 as 240,000 tons?

Mr. PALMER. Yes, sir. Mr. Senator, we have testimony concerning eight estates, as to output in 1902.

The CHAIRMAN. That are included in this list?

Mr. PALMER. Yes, sir.

The CHAIRMAN. I understand that.

Mr. PALMER. The average output of each of those eight was 14,148 tons. Now, I went to work with seventeen and multiplied seventeen by 14,148, to arrive at the total estimated output of seventeen, figuring that those concerning which I did not have any information were of the same average capacity as those where I did have information.

Senator TELLER. Where you found their capacity, how did that turn out? Were they as high?

Mr. PALMER. I have not found the capacity of the other nine.

The CHAIRMAN. The American Sugar Company is one of your seventeen corporations?

Mr. PALMER. Yes, sir.

The CHAIRMAN. Which you include in getting your estimated output at an average of 14,148 tons. Do you know that the American Sugar Company is producing any sugar?

Mr. PALMER. I know that General Wood gives the name of the American Sugar Company as a producing sugar company this year, and gives it as owned by Americans.

The CHAIRMAN. That is all you know about it?

Mr. PALMER. Yes, sir.

Senator TELLER. He gives it as producing?

Mr. PALMER. Yes, sir.

The CHAIRMAN. But as to the acres of its holdings, or the acres in cane, or its capacity, you know nothing?

Mr. PALMER. No, sir.

Senator TELLER. It has a war claim, has it not?

Mr. PALMER. No, sir.

The CHAIRMAN. The Cuban Land and Sugar Company is in the same category. You give nothing as to that, either as to its holding in acres, its acres in cane, or its capacity; and the same is true, is it not, of the Mercedita? As to those three companies which you include to make your average, you give no facts as to the quantity of land which they own, the quantity which they have in cane, nor their capacity.

Mr. PALMER. No, sir.

The CHAIRMAN. And yet you include them as estimated to produce, according to the average, 52,000 tons and over.

Senator TELLER. That is, all of them.

Mr. PALMER. Yes; taking the three on the average, they go in to make 52,000 tons of your 240,000 tons.

I gave you some information concerning the incorporation of the Cuban Land and Sugar Company, and the date of it, and the like, and I have two notices here from the Louisiana Planter which I did not feel were sufficient evidence on which to base a calculation. I thought I would rather average them on the others. This notice reads:

The Cuban Land and Sugar Company have just contracted for the planting with cane of 1,000,000 acres of land—

The million is undoubtedly a mistake.

at San Nicolas. The company, which had heretofore sold their cane to the neighboring factories, intend to establish a mill and grind it for their own cane.

Senator TELLER. That would show they were making sugar.

The CHAIRMAN. No; that does not show they were making any sugar, does it?

Mr. PALMER. That was last year. One might base a calculation on

that, Mr. Chairman, but I did not think it was sufficient evidence on which to base it.

The CHAIRMAN. That notice in the Louisiana Planter was when?

Mr. PALMER. I have not the date of that. The notice appeared in the testimony before the Ways and Means Committee on page 279, but no date was given. I asked Colonel Hill, who gave that testimony, to furnish me the list of the papers from which those clippings were made. He did not state it in his testimony. He told me that they were all from the Louisiana Planter.

The CHAIRMAN. Now, to come back to the proposition. At some time, you do not know when, the Louisiana Planter said that the Cuban Land and Sugar Company had contracted for the planting of cane, and also that the company, which had heretofore sold their cane to neighboring factories, intended to establish a mill and grind it. That is all the evidence you have in regard to the Cuban Land and Sugar Company.

Mr. PALMER. I wrote the Louisiana Planter——

The CHAIRMAN. Can you not answer that question before you go any further?

Senator TELLER. He is about to answer it.

Mr. PALMER. I am answering it. I wrote the Louisiana Planter asking for the dates when these different items appeared in their paper. In checking them off they gave me part of them, but did not give me all of them. Those that they gave were in 1900 and 1901, but, as I say, I did not regard that as sufficient evidence upon which to make a calculation of just what their output was. There is one thing I wish to say, Mr. Chairman: The list of corporations is the only list in the whole line that I have given where any attempt has been made to give the 1902 output. The rest are rated as to capacity, not output, and the capacities are rated from their acreage in cane, not from the size of their mills.

The CHAIRMAN. No; not on capacity. As to the Victoria, the Mercedita, the American Sugar Company, and the Cuban Land and Sugar Company, you do not even have the capacity.

Mr. PALMER. No; but what I mean is this. I submitted here seven lists or classifications of Cuban sugar estates——

The CHAIRMAN. But I am getting at the one now where you do attempt to give some figures with regard to output, this particular one of seventeen American corporations. I want to hold you down to my questions if I can.

Mr. PALMER. Well, I gave the output there of the eight estates——

The CHAIRMAN. You did.

Mr. PALMER. That had been stated here.

The CHAIRMAN. You did, and that foots up 113,128 tons.

Mr. PALMER. Yes, sir.

The CHAIRMAN. That you have figures for, which I do not question.

Mr. PALMER. And in the next item I say "estimated 1902 output of the seventeen estates"——

The CHAIRMAN. Just what I am trying to get at is whether your estimate of the nine estates about whose capacity you know nothing based upon the eight estates whose capacity you do know is reliable. That is just what I am trying to get at.

Mr. PALMER. That would be simply a matter of opinion, about which one might think one thing and another another thing. I have not made the calculation here, but what I have——

The CHAIRMAN. I am finding no fault with that. You have facts with regard to eight, as to their output?

Mr. PALMER. Yes, sir.

The CHAIRMAN. You have no facts with regard to nine, as to their actual output, but you estimate them the same as the eight about which you have facts, averaging the eight?

Mr. PALMER. Yes, sir. That is the only reasonable way that I know of whereby we could make an estimate.

The CHAIRMAN. Would it not have been more reasonable not to try to make any where you had no facts?

Mr. PALMER. On stating the manner in which it was arrived at, anyone could simply cast it aside and say: "Well, perhaps that information is not right. I will not accept that. I will take the eight."

The CHAIRMAN. The trouble about it is that having made this estimate, it will be claimed that you gave the actual output of these 17 corporations.

Senator TELLER. If it goes with this statement——

The CHAIRMAN. Nobody will look up the statement any more than the reporters did.

Senator TELLER. If we have estimated too high, it is for you to disprove it. We are quite ready to wait here until you do disprove it.

The CHAIRMAN. I agree that you are prepared to wait, and if I think it important to disprove it I will look it up.

Mr. PALMER. Mr. Chairman, I made a little calculation yesterday, in line with a question which you put to me late in the session Saturday, calling attention to the difference between Mr. Browne's figures and my figures, and I tried to see how it would be possible to make the two sets harmonize. You understand, I arranged my basis of calculation for these estimates before knowing anything about what they were going to totalize, and I have seen no reason for changing that basis of calculation. They totalize larger than I supposed they would, but I went to work yesterday, and said, suppose we take the average in cane, where stated, of all classes that I submitted, and then suppose we estimate (which we have no reason to do) that the other fellows only had half as much cane apiece as the fellows where we knew what their acreage was. That foots up a capacity of 589,995 tons; and that would be 78.65 per cent of the total Cuban output this year, estimated at 750,000 tons.

The CHAIRMAN. Now, Mr. Palmer, to go on. Whatever your basis of estimate may be, you do estimate that in these six classes there was a production of 830,445 tons, do you not?

Mr. PALMER. I beg your pardon. That was the capacity.

The CHAIRMAN. And you have estimated all the while the production as 94 per cent of the capacity, have you not?

Mr. PALMER. No, sir; I have made no calculation on the output of any one of the six classes, except that first class—of corporations.

The CHAIRMAN. That was 94 per cent?

Mr. PALMER. That was 94 per cent.

The CHAIRMAN. You claim that this class of sugar-producing firms have a capacity of 830,445 tons?

Mr. PALMER. That is their producing capacity—that is, cane-growing capacity.

The CHAIRMAN. After you get through with the American corporations which you summarize in the first list, have you any facts as to the output in 1902 of the other classes?



Mr. PALMER. No, sir, further than what has been given before this committee, and which I have not attempted to carry in. You will find, for instance, that on pages 176 and 177 Mr. Rionda states that the Providencia, if I remember, will produce this year 11,000 tons; La Julia, 4,000 tons; La Flora, 8,000 tons; and the San Antonio, 3,000 tons. Those are concerns in which he says his firm has a direct financial interest, and that he controls the sugar.

The CHAIRMAN. You have not used those figures?

Mr. PALMER. No, sir; I have not carried them in at all. I even have not those estates in. While his evidence would lead one to believe, the way Cuban mortgages are made, they really own those, that was the only evidence I had, and it was before the committee, and I did not carry them in.

The CHAIRMAN. Therefore those estates are not in the calculation?

Mr. PALMER. No, sir.

The CHAIRMAN. As I understand it, you have not put them in as being owned by American corporations, American firms, or naturalized Cubans residing in this country or abroad or in Cuba.

Mr. PALMER. I have not put them in from his testimony. Whether any of those have war claims or not I do not remember. That name "La Julia" looks familiar, and it is possible one or two of them have gone in through the war claims, but I have not attempted to run this down and try and get these in, based on Mr. Rionda's testimony.

Senator TELLER. If they are in you got them from the war claims?

Mr. PALMER. Yes, sir.

The CHAIRMAN. Then after you leave the 17 American corporations your estimates are based as to the rest mainly upon their war claims as filed before the Spanish Treaty Claims Commission?

Mr. PALMER. Yes, sir.

The CHAIRMAN. And from the petitions which they filed, and not evidence which they have filed and submitted to the Commission? You take the petitions, as I understand it, in which they state their claims, and you get your facts from them?

Mr. PALMER. I take the petitions, and in many cases the amended petitions. To many of these original petitions the Government has filed a demurrer, stating that the allegations are insufficient, and then these parties have, as a rule, furnished an amended petition which gives additional facts. It is from those petitions and amended petitions I have gotten my data.

The CHAIRMAN. So that your deduction as to the nationality of the claimants and the capacity of their estates rests upon what they have stated in these petitions filed before the Commission. Is not that true?

Mr. PALMER. There are no deductions to be made as to their nativity.

The CHAIRMAN. Well, you take their statement for it?

Mr. PALMER. Yes, sir.

The CHAIRMAN. Whether it will turn out upon proof that they were actually citizens in all instances, you do not know?

Mr. PALMER. I do not, except that generally I should say they would turn out that way, because I find in a very large number of instances the original or a copy of their naturalization papers.

The CHAIRMAN. In some instances, as I remember, they said their father was naturalized or their husband was naturalized, or something of that kind?

Mr. PALMER. Yes, sir.



The CHAIRMAN. Do you think the conclusions or deductions which you derive from that source only are liable to be very accurate?

Mr. PALMER. I should say this: The amount of damages to mills claimed by these people is certainly liable to be very greatly overstated; but when you come to definite statements that they had so many acres in cane which were destroyed and for which they ask damages, and where an American citizen could go down there with a surveying outfit and ascertain absolutely whether they had misstated or not, I should say that those, from a standpoint of self-protection, must be reasonably accurate. I do not see how they would dare state, for instance, that they had 1,000 acres in cane when they had only 500. I can see how they could say that their mill was damaged \$200,000 when perhaps it was damaged only \$100,000. It would be a hard thing to disprove; but if they lied about the area of their estate—well, I should not think they would dare do that, while they might misstate as to other classes of damage.

The CHAIRMAN. They could exaggerate the amount of cane produced on their acreage, could they not?

Mr. PALMER. Yes, sir. I have not attempted to bring in here any of their averages on cane. I have based everything in cane production on the basis of  $2\frac{1}{2}$  tons of sugar per acre, which is a 10 per cent extraction from 25 tons of cane, and both of which items are testified to by Mr. Atkins and others before the Committee on Ways and Means. They have stated over and over again that the average tonnage was 25 tons of cane per acre and the average extraction 10 per cent. Now, rather than to go on what this, that, or the other owner down there has said about his cane production, I have simply taken that basis, as explained in the first of my testimony.

The CHAIRMAN. You have taken, then, the entire acreage of cane as they have given it in these petitions which they have filed, and you have assumed that that is all producing now, have you not?

Mr. PALMER. No; I have made no assumption as to the present output. My assumption is simply this: That with the number of acres of cleared land which is or has been in cane, their capacity to-day is, as stated in this final summary, 830,445 tons.

The CHAIRMAN. Then you do not wish to be understood as furnishing any figures as to what the actual output now is of these parties whom you have given in these different lists?

Mr. PALMER. No, sir; further than those in the corporations where I have some evidence.

The CHAIRMAN. Where they are given?

Mr. PALMER. Yes, sir.

The CHAIRMAN. And you do not undertake to say what proportion of the sugar production or sugar-producing lands these figures which you have given amount to, do you?

Mr. PALMER. No, sir.

The CHAIRMAN. You know, generally, the fact that there are a good many Cubans producing sugar, do you not?

Mr. PALMER. I have heard there are, and I have heard there are not. I looked it up in the Cuban census, and, if my recollection is correct, Cuban ownership of sugar land down there is a fraction over 3 per cent of the total—something less than  $3\frac{1}{2}$  per cent—which would indicate that the Cubans themselves are not very heavily interested in the sugar business in that line.

The CHAIRMAN. Do you find it in that volume you have there?

Mr. PALMER. I find in the census sugar plantations classified by area. Now, I would like to ask a question on this. What constitutes a Cuban? This is classified under "white owners," "white renters," "colored owners," "colored renters," and others. A Cuban, as I understand it, is colored.

The CHAIRMAN. A Cuban, as I understand it in Cuba, is a man who is born there. The distinction they make between Cubans and others is that Cubans are those who are born there.

Senator TELLER. Many of them are just as white as the Spaniards.

Mr. PALMER. Then this would prove nothing, because it is classed simply under "white" and "colored." I was under the impression that a real Cuban was from the colored race.

The CHAIRMAN. Quite a large number of the people whom you have given here as Americans are naturalized citizens residing in Cuba, are they not?

Mr. PALMER. Yes, sir. Two classifications are composed of those. I arranged those, Mr. Chairman, under classifications specifically for the purpose that anyone who desired could make a distinction between the American living in Cuba as against the American living in the United States.

The CHAIRMAN. What do you call Cuban-American corporations? You give ten of them.

Mr. PALMER. American corporations operating in Cuba.

The CHAIRMAN. A long list of the people whom you classify as American citizens have pretty distinctive Cuban or Spanish names, have they not?

Mr. PALMER. I should judge so.

The CHAIRMAN. So that if they are in Cuba carrying on the business of raising sugar cane or producing sugar, the only reason why they are classed as American citizens is because they have been naturalized up here at some time?

Mr. PALMER. Yes, sir; those who are living in Cuba.

The CHAIRMAN. I suppose it is true that during the former revolution there—the ten years' war, as it is called—a good many Cubans carrying on business there came over to the United States, and, after they had been here long enough, got naturalized. That is true, is it not, as you understand it?

Mr. PALMER. I gave, as far as I could, the dates——

The CHAIRMAN. The time when they came and the time when they were naturalized.

Mr. PALMER. When they were naturalized, but I did not attempt to make any tabulation on that.

The CHAIRMAN. Do you not think, if we are inquiring as between real Americans who are doing business there and real Cubans who are doing business there, that it is fairer to class the Cubans who have been naturalized as Cubans than as American citizens?

Senator TELLER. I do not see myself why they have any better rights than an American citizen, and I shall contend that they have not.

The CHAIRMAN. Let the witness answer the question.

Mr. PALMER. That would depend on the standpoint. If it is on a standpoint of a claim against this Government, no. There might be some standpoints where it might be deemed fairer to class them as Cubans, but if they were classed as Cubans, technically, they could not file any claim against this Government.

The CHAIRMAN. Take Benjamin W. Morrill, whom you speak of as

one of the incorporators of some one of these American corporations. Do you know anything about him?

Mr. PALMER. I do not.

The CHAIRMAN. You do not know that he has been for a great number of years in Cuba in business there?

Mr. PALMER. No, sir.

The CHAIRMAN. You do not attempt to state, of your own knowledge or from any facts which you think reliable, the percentage of people who are producing either sugar cane or sugar in Cuba other than those whom you have given here?

Mr. PALMER. No, sir; I do not.

The CHAIRMAN. Mr. Atkins, on page 10 of his testimony before the Committee on Ways and Means, says:

Taking the estimated amount of sugar cane, 8,500,000 tons, and dividing it by 25 tons to the acre, we will find out about how many acres are under cultivation.

That division would make under cultivation at the present time 340,000 acres. You have estimated in your six classes that you have given here 330,846 acres of cane, leaving less than 10,000 acres, according to Mr. Atkins's estimate, of the entire amount of sugar cane.

Mr. PALMER. I have given that as land which is or has been in cane. I have not attempted to say that that land is all in cane to-day. I have no means of knowing that, but if it is or has been in cane, it is certainly cleared land and is capable of being put in cane at very short notice, and is in better condition if it has lain fallow since the war than it was then.

The CHAIRMAN. Yes; if that is what your attention was directed to, the amount of land on which sugar could be produced; but it was not, as I understand it. You were endeavoring to show how much these six classes of people had, and I am wondering whether you have not very largely overestimated it.

Mr. PALMER. As I said, I know of no other basis to use in arriving at those where the acreage is not stated than the basis of averaging them on those where it is; but I made a memorandum yesterday, and, taking the acreage as it is on those where it is stated and estimating that the others have only half as much average acreage, still they would have a capacity of 590,000 tons, or 78.65 per cent of the estimated 1902 crop of 750,000 tons; and yet I know of no reason why—

The CHAIRMAN. When you come down to estimating the number of acres of cane, you have made all those deductions, have you not?

Mr. PALMER. No; I used as a basis, Mr. Chairman, that the people who, in their claims, did not happen to state their acreage, had the same average cane acreage as those in their same class who did state what their acreage was.

Senator TELLER. That produced the same?

Mr. PALMER. Yes, sir; and I say that if you cut that in half and say these others only had 50 per cent as much cane as those where they have stated their cane area, they still would have a capacity of 590,000 tons; and I do not see any reason for cutting that 50 per cent. Their claims, as I remember them, are no smaller. It just happens that they have not stated the actual area in cane.

The CHAIRMAN. You take in your last classification 55 estates, and you give the total number of war claims and the average amount of each claim. Then you have the total average of 30 estates, and the average acreage of each of the 30 is 1,656 acres.

Mr. PALMER. Yes, sir.

The CHAIRMAN. Then you take the total estimated acreage of the 55, estimating it from the 30, and you get 91,000 acres and a little over?

Mr. PALMER. Yes, sir.

The CHAIRMAN. Then in the 31 estates—you said 30 just above, and there you say 31—the total acreage is 17,326. Then, as the average cane acreage of the 31 is 559 acres, you apply that average to the whole 55 estates, reducing it from what it would be if you estimated it at the 1,656, cutting it down more than one-half.

Mr. PALMER. No, sir; the 1,656, if you will notice, is the average total acreage of each estate.

The CHAIRMAN. Of each of 30 estates?

Mr. PALMER. Yes, sir; that is the total acreage. That has nothing to do with the cane, Mr. Chairman. The second classification—and that accounts for there being 31 instead of 30—does not apply to the same thing. That is the total acreage.

The CHAIRMAN. Yes; on 31 estates.

Mr. PALMER. On 30 estates, and the cane acreage on 31.

The CHAIRMAN. Then you take the average cane acreage on each of the 31 and apply that to the whole 55?

Mr. PALMER. Yes, sir.

The CHAIRMAN. And you get 30,745 acres. Do you think you ought to cut that down still more?

Mr. PALMER. I do not think it should be cut; but, as I said, if you cut it 50 per cent they still have a capacity of 590,000 tons, or 78 per cent of the total 1902 output.

The CHAIRMAN. You do not believe, do you, that these persons in the different classifications have 78 per cent of the total output in Cuba?

Mr. PALMER. I have no means of knowing that. I believe they have a capacity equal to practically the output. I believe they have a capacity of 830,000 tons. Now, what their actual output is, I have no means of estimating.

The CHAIRMAN. And what the actual capacity of all sugar producers and sugar-producing estates is in Cuba you do not pretend to say?

Mr. PALMER. No, sir.

(The witness was excused.)

#### ADDITIONAL TESTIMONY OF HEYWARD G. LEAVITT.

Senator TELLER. Mr. Leavitt, did you look over Mr. Farr's testimony?

Mr. LEAVITT. Yes, sir; I did.

Senator TELLER. Have you any comments to make on it? Mr. Chairman, Mr. Leavitt gave some figures and Mr. Farr, of New York, was here questioning them. I want him to explain why there is a difference between him and Mr. Farr.

Mr. LEAVITT. I have read Mr. Farr's testimony very carefully, and I can not see that he has refuted in any manner the figures that I gave. I did not take the price of sugar in Hamburg and in Cuba, or the same landed in New York during the first week in December, to which his quotations and sales of sugar refer, but I took the price on the same day for both Cuban sugar and Hamburg sugar and compared the two. That day was the 21st of January, and those quotations can be verified

by reference to trade reports or any of the newspapers as to the price of sugar on that day.

The CHAIRMAN. The 21st of January?

Mr. LEAVITT. On the 21st of January. This is from recollection, but I think the quotation in Hamburg that day was 6 shillings 9 pence. The quotation in New York for 96 test centrifugal sugar was 3 $\frac{3}{4}$  cents, and the calculation is in detail in my testimony before the Ways and Means Committee, and I have given the method of calculation there, which agrees with Mr. Luede's, given here by Mr. Farr, and anyone can correct that if my quotations of market prices are not correct. But they are correct, with this exception, that I have taken the difference in refining value at 19 cents, whereas, Mr. Luede takes it at 25 cents, between 88 analysis beet sugars and 96 test centrifugal cane sugars. Therefore the difference on Mr. Luede's basis of calculation would be 37 $\frac{1}{2}$  cents a hundredweight. In other words, cane sugars were selling for 37 $\frac{1}{2}$  cents below the Hamburg parity instead of 31 $\frac{1}{2}$  cents as I have calculated; but I stated in my testimony before the Ways and Means Committee that I took a figure lower than anybody else took, so that my figures would be inside instead of outside the truth.

My statement that the American refiners had absorbed the entire countervailing duty during the last fiscal year has not been disproved at all by Mr. Farr in the figures he has submitted from Willetts & Gray.

Senator TELLER. He seemed to think he had disproved it and I thought the chairman thought so.

Mr. LEAVITT. Let me call your attention to this fact.

The CHAIRMAN. It would be just as well for me to ask a question now on that point. What do you say the Hamburg price was on the 21st day of January?

Mr. LEAVITT. Six shillings and 9 pence; 7 shillings 3 pence, cost and freight to New York.

The CHAIRMAN. And you think you should take the price on that day, and not the price at which the cargo was bought?

Mr. LEAVITT. I did not refer to any cargo except to state that there was a cargo that arrived at that time.

The CHAIRMAN. Aside from that, of course every arrival of Hamburg sugar in New York is bought—I do not know how long before—but bought at a price which prevailed some time previously, is it not?

Mr. LEAVITT. That is generally the practice; yes; and cane sugar is likewise bought in that way.

The CHAIRMAN. You think your calculations should be based on the price of sugar as quoted in Hamburg and Cuba on a particular day, and not on the price which was paid in Hamburg at the time when the sugar was bought?

Mr. LEAVITT. Yes; six weeks previously, Senator, for this reason —

The CHAIRMAN. I merely wanted to get at it.

Senator TELLER. Give your reasons.

Mr. LEAVITT. For this reason, that if a man goes into the market on January 21 to buy sugars, or a Cuban planter or a German planter wants to sell the sugars, he would have to sell them on the quotations of the 21st of January, and not on the quotations of the 9th of December.

The CHAIRMAN. But if they had been already sold?

Mr. LEAVITT. I am not referring to what took place in the past.



The CHAIRMAN. Wait a moment. If they had been already sold it might not be the same thing as it would be on the given day.

Mr. LEAVITT. You would have to go back to see whether there was a difference in parity on the 9th of December, in the sales of that date. Now, if Mr. Farr's figures are correct as to the price of Demarara sugar on December 9 [he has made a little error in calculation which I can point out if you care to see it; it only amounts to three or four cents a hundredweight;  $2\frac{3}{4}$  are about 2.093, to which add 1.685 duty, and you get 3.778 instead of the price that he gives, 3.803], cane and beet sugars apparently were as near a parity as was possible on that day.

Now, what was the reason for that? Mr. Farr gives the reason himself. There was no Cuban sugar in the market at that time, because he says it was all sold out in December. The Cuban sugar was sold, and there was only the Demarara cane sugar on the market, and the trust had to pay the equivalent of the Hamburg price for it; but what happened when the Cuban sugars came on the market? They not only absorbed the countervailing duty, but a large portion of the freight advantage in the New York market over the Liverpool market.

Senator TELLER. That was on the 21st of January?

Mr. LEAVITT. The 21st of January. I do not deny that Cuban and Hamburg sugars are sometimes on a parity, but I say you have to take the average of the whole year.

The CHAIRMAN. I am not going to cross-examine you when you get through, and therefore I will ask right here, do you not think it would have been more accurate to take the quoted prices for the whole year than to take Mr. Hitchcock's averages, made up as he made them up?

Mr. LEAVITT. No, Senator, for this reason: The price at which sugar is sold for export at the port of Habana determines the price which the planter receives. The price which the beet sugar sells for in the port of Hamburg determines the price which the European beet-sugar grower receives.

The CHAIRMAN. Then if you are going to make a comparison, why should you not take what the Hamburg man gets for beets on a certain day and what the Cuban man gets for cane on that day, and, going over a year or a month in that way, arrive at your conclusions?

Mr. LEAVITT. That would be perfectly correct if you take account of the amounts of the sales. In these tables which Mr. Farr has prepared he does not follow such a method. He takes the price of beet sugar f. o. b. Hamburg on the 1st of each month and compares it, not with the actual price of cane sugar on the same day in the port of Habana, but with the market price on that day for 96 test centrifugal sugar landed in New York, which may be for cargoes purchased outside of Cuba, and perhaps six weeks before. But this is not my chief objection to Mr. Farr's table.

The CHAIRMAN. Not being an expert, I should think if you wanted to prove your contention you ought to do it by taking a price which the beet-sugar man sold his sugar for on a certain date.

Mr. LEAVITT. In the port of Hamburg?

The CHAIRMAN. In the port of Hamburg; and the price which the Cuban sugar man sold his sugar for on that same date in Habana, and then that you ought to take as long a time as is necessary to prove the thing, say a week or a month or a year, and follow it out in that way.



If you did that and came to the same conclusion, I should think, then, perhaps you were proving your case.

Mr. LEAVITT. That is what we have done practically; Mr. Hitchcock has taken in his calculation the actual price of every sale of sugar at the port of Hamburg and at the port of Habana, multiplied by the number of tons sold, and the total divided by the number of tons, giving an average price for the whole year at each port.

The CHAIRMAN. If you will permit me, I can not see that that is a proper basis to go upon.

Mr. LEAVITT. That is what determines what the Cuban planter has received for his sugar as an average for the year, and the same plan identically is followed in determining what the average price is that the German grower has received for his sugar.

The CHAIRMAN. If the Cuban planter sells his sugar delivered in New York and the Hamburg merchant sells his sugar delivered in New York, then the price at New York is a fair basis to go on; but if the Cuban sells it in Cuba and the Hamburg merchant sells it in Hamburg, then the comparison should be made on the price for a particular day in those places.

Mr. LEAVITT. And carried along through every day in the year?

The CHAIRMAN. Yes.

Mr. LEAVITT. I agree with you perfectly, Senator Platt, but in these tables Mr. Farr has given here there is no such calculation made, and it would not show, because he is giving the prices at Hamburg only on the 1st of January, the 1st of February, and the 1st of March, etc. These prices I have been able to check up, and find correct; and it is a strange thing that the average for the year agrees within 0.02 cents of what my average is, or, in other words, what Mr. Hitchcock's figures are, as the average price of exportation in Hamburg.

Now, no such figures are given as to the price of export in Habana, but he has taken quotations in the New York market—that is, the price of sugar on same date for cane sugar arrivals, which may have been bought under a different market six weeks before and not in Cuba at all. When I referred to a cargo of Hamburg sugar coming in I did not know at what price that sugar had been bought, or any other sugar, but I simply took the quotations of Hamburg sugar on a given day and the New York price on that day, and figured back what the Cuban price ought to have been. If you recollect, I was very particular to look up the evidence to see if the Cuban price was actually greater or less than what it should have been on the New York quotations for that date; and we found out, by the testimony of Mr. Mendoza and by the letter of General Wood to the members of the United States Senate, that the price in Cuba was actually 10 cents below what it should have been on the New York quotation, and yet on the New York quotation there was this difference, according to my figures, of  $31\frac{1}{2}$  cents a hundredweight, and a difference, according to Mr. Luede's calculation, of  $37\frac{1}{2}$  cents a hundredweight, below the equivalent.

Senator TELLER. To that you should add 10 cents loss in Cuba.

Mr. LEAVITT. I am leaving that out. My contention is true if Cuban sugar on that date was not selling higher than it sold on the New York quotation. As a matter of fact, it was selling lower. It is proved by the testimony there.

The CHAIRMAN. There is another thing about it I want to put in

right there and see if you do not agree with me, that this matter of averages may not be a proper basis of computation, because if a large quantity of sugar is moving at a particular time it will bring one average, and if a small quantity is moving it will bring another. Is not that correct?

Mr. LEAVITT. You are perfectly correct, sir. May I say something in reply?

The CHAIRMAN. Certainly.

Mr. LEAVITT. This is purely an average regardless of quantity—that is, they give twelve quotations throughout the year.

The CHAIRMAN. Who is that?

Mr. LEAVITT. In these tables Mr. Farr has presented. Then he divides those twelve quotations——

The CHAIRMAN. I agree to that.

Mr. LEAVITT. If I have not proved my case by taking the average price of export at the port of Hamburg and the average price at the port of Habana, neither has Mr. Farr by taking a method which is far more lax. He just takes twelve monthly quotations and divides them by twelve.

The CHAIRMAN. Mr. Farr, as I understand, takes quotations for the first day in the month?

Mr. LEAVITT. The first day in the month; yes, sir.

The CHAIRMAN. Then he makes his average on that?

Mr. LEAVITT. Yes; but he takes no account of the amount of the sugar sold, you see.

The CHAIRMAN. On the other hand, the Treasury Department takes all the sales for a month without reference to price or quantity, and then gets the average for the year.

Mr. LEAVITT. No; I beg your pardon, Senator.

The CHAIRMAN. Is not that so?

Mr. LEAVITT. No; they take each sale of sugar in number of tons and multiply it by the price at which that sugar has actually sold. Then say there are 600,000 tons sold throughout the year at varying quotations. It brings a given aggregate in money. If you divide the total number of tons sold into the total aggregate of money, then you get an average price, and the difference in that is that it takes each separate sale into account, the amount of the sale and the price received for the sugar.

The CHAIRMAN. And yet on the 15th day of a given month that may not give the comparative price between Hamburg and Cuban sugar at all?

Mr. LEAVITT. No, sir.

Senator TELLER. But it must give it very nearly.

Mr. LEAVITT. That is it; and when I cited the 21st of January that was only an illustration of how it varies.

Senator TELLER. But it must be very nearly correct?

Mr. LEAVITT. The fact that that method is correct as to the Hamburg price is an indication that it is also correct as a basis of comparison in the Habana market. It is the most scientific way of making up averages.

Senator TELLER. You went over this better in the House committee, did you not, with your testimony?

Mr. LEAVITT. Not as carefully as I have here.

Senator TELLER. But you gave some testimony on it?

Mr. LEAVITT. Yes, sir.

Senator TELLER. Do you care about saying anything more?

Mr. LEAVITT. Yes; there is one thing. There is to-day in the United States a very small amount of raw sugar. The sugar trust's statement shows about ten million dollars less raw sugar on hand than at the same time last year. Now, if the Cuban planter was going to get the advantage of this reduction in the duty, what has held back the American sugar refiners from buying sugar?

The CHAIRMAN. There has been no reduction of duty yet.

Mr. LEAVITT. Yes; but the refiners are holding back in the purchase of raw sugars. Now, if the advantage is all going to the Cuban planter, what is their object in holding back?

The CHAIRMAN. May it not be quite true that instead of the sugar company holding back from purchasing the Cuban is holding back from selling?

Mr. LEAVITT. No, sir; because for a month past the price of Cuban sugar, according to Willetts & Gray, has not once been on the Hamburg equivalent.

Senator TELLER. For a month past?

Mr. LEAVITT. For a month past; yes, sir.

The CHAIRMAN. You mean it has been less?

Mr. LEAVITT. It has been less than the Hamburg equivalent, and if they were holding back it ought to be higher for 96-test sugars.

The CHAIRMAN. They are, in fact, holding back, are they not? That is, they are not selling?

Mr. LEAVITT. They can not sell unless some one bids. There is plenty of sugar in the world.

The CHAIRMAN. But, as you understand the situation, the people who are holding sugar there are holding it in the hope that there is going to be some reduction made here, and therefore are not selling it; do you not understand that to be the situation in Cuba?

Mr. LEAVITT. No, sir; my view of the matter is that the American sugar refiners are not buying sugar now because they can buy it by and by and make the duty, else there would be no cause for holding back in their purchase.

The CHAIRMAN. You assume that the reason Cuban sugars are not being sold in the United States is because the trust, as they are called, are not offering to buy them?

Mr. LEAVITT. Yes.

The CHAIRMAN. If the other things be true, that the Cubans are holding back their sugars because they think they are going to get, in case of a reduction, some advantage, then your conclusion does not follow.

Mr. LEAVITT. I dare say there may be a number of planters holding sugar back, Senator Platt, under the impression that they are going to get the benefit of a reduction in duty.

The subcommittee thereupon adjourned until Wednesday, June 11, 1902, at 10 o'clock a. m.

SUBCOMMITTEE OF THE COMMITTEE  
ON RELATIONS WITH CUBA,  
UNITED STATES SENATE,  
Washington, D. C., June 11, 1902.

The subcommittee met at 10 o'clock a. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

**TESTIMONY OF FRANCIS B. THURBER.**

FRANCIS B. THURBER, having been first duly sworn by the chairman, testified as follows:

The CHAIRMAN. Mr. Thurber, we have been trying for some time to get you here as a witness, and we have not been able to do so until to-day. Will you explain why you have not come earlier?

Mr. THURBER. Mr. Chairman, the reason has been because I have been absent from New York on two important engagements which have taken me to Chicago and St. Louis and other points in connection with business of the United States Export Association.

The CHAIRMAN. To get right down to the question, in reply to one telegram sent you, we received a telegram from your secretary saying that you were not in the city, and that matter has been questioned as to whether you were in the city during the week or during the time that your secretary said you were not. That is the precise point.

Senator TELLER. Perhaps you ought to tell Mr. Thurber when that first telegram was sent.

The CHAIRMAN. On the 26th of May we sent you a telegram as follows:

“F. B. THURBER,

“*Care United States Export Association, New York:*

“Committee on Relations with Cuba desires your presence before it on Thursday morning, May 29, at 10 a. m. Answer if you will be here.

“O. H. PLATT, *Chairman.*”

The reply to that was:

“NEW YORK, *May 29, 1902.*

“Hon. O. H. PLATT,

“*Chairman Senate Committee on Relations with Cuba,*

“*Washington, D. C.:*

“Mr. Thurber absent from city. Expected back next week.”

“GERTRUDE FOX, *Secretary.*”

And it has been suggested that between May 26, when the first telegram was sent, and May 29, you were in New York.

Mr. THURBER. From the 26th to the 29th?

The CHAIRMAN. Yes.

Mr. THURBER. I do not recollect excepting this, I know that just as I was about leaving to keep an important appointment that I had in New York State I did receive notice from the office that there had been such a telegram received, and I telephoned to simply say that I was out of the city. I presume that is the telegram which you have just read.

The CHAIRMAN. Has there been any desire on your part to avoid coming here?

Mr. THURBER. None whatever, sir. I telegraphed you when I was on this Western trip that I would advise you as soon as I knew. I could not tell exactly how long I would be detained at these various points, and just as soon as I was able to do so, I telegraphed you that I would be back and would be glad to appear if desired on notice.

Senator TELLER. You telegraphed from Buffalo, did you not?

Mr. THURBER. I first telegraphed from Buffalo. That is, I got one telegram there that had been forwarded to me.

Senator TELLER. That must have been the second telegram.

The CHAIRMAN. Yes; that is right.

Mr. THURBER. And I telegraphed from there that I was on my way West and I would telegraph just as soon as I knew how quick I would be back.

Senator TELLER. Mr. Thurber, I am responsible for the statement that you were in the city, because I took pains to find out, and parties who could not be doubted replied that you were in the city.

Mr. THURBER. That was the very day, I think, that I left the city.

Senator TELLER. You were in the city the day the telegram got there, anyway, and you must have been there for a couple of days afterwards.

Mr. THURBER. No, sir; I think not, because as soon as I——

Senator TELLER. Then if you were not my informant was mistaken. That is, he supposed you were still in the city.

Mr. THURBER. Yes; he must be mistaken.

The CHAIRMAN. I understand Mr. Thurber now says he did not get any telegram until just as he was about leaving, which I think was on the 29th. At any rate, that was the date of the telegram.

Senator TELLER. What day did you leave New York?

Mr. THURBER. I think it was the afternoon of the 28th.

Senator TELLER. We sent the telegram on the 26th. Between the 26th and the 28th you were in the city, were you not?

Mr. THURBER. It might have been the 27th.

Senator TELLER. The date of your telegram from Buffalo was June 3.

Mr. THURBER. I think it was the afternoon of the 27th that I left.

Senator TELLER. Did you go directly to Buffalo?

Mr. THURBER. No, sir; not then. I had an engagement in New York State on a legal matter that I was interested in, where I had to go for a consultation, and that occupied three days.

Senator TELLER. I do not know that I care anything further about it.

The CHAIRMAN. It is not a matter of very much importance, I suppose, except that it has given us some little anxiety. That is all.

Senator TELLER. He admits he was there when the telegram was sent. Of course his excuse is another question. I do not care anything about it as long as he is here now. Mr. Thurber, what is your business?

Mr. THURBER. I am president of the United States Export Association.

Senator TELLER. You are the F. B. Thurber who testified before the House committee, are you not?

Mr. THURBER. Yes, sir.

Senator TELLER. Are you engaged in any other business except as president of the Export Association?

Mr. THURBER. I am practicing law.

Senator TELLER. Mr. Thurber, you have been somewhat active in this attempt to secure a reduction on Cuban sugar, have you not?

Mr. THURBER. Yes.

Senator TELLER. You appeared before the House committee?

Mr. THURBER. Yes, sir.

Senator TELLER. Last January.

Mr. THURBER. The Committee on Ways and Means.

Senator TELLER. Yes; in January.

Mr. THURBER. Yes.

Senator TELLER. You came here to advocate free sugar from Cuba, did you not?

Mr. THURBER. I came to advocate the best——

The CHAIRMAN. Wait a moment, Mr. Thurber. Of course I do not know what the object of this examination is or what Mr. Teller seeks to have Mr. Thurber testify to, and I am not going to object because I do not think it is my province to do so; but I want to suggest that this inquiry is confined to certain limited subjects, and I do not think it ought to be extended beyond that. That is all I want to say.

Senator TELLER. You may see the pertinency of it before I get through. He testified before the House committee and I have that testimony here. I suppose I could use it.

The CHAIRMAN. I do not see that it amounts to anything.

Senator TELLER. The fact that he came here to get free raw sugar?

The CHAIRMAN. Suppose he did.

Senator TELLER. I want to find out what his interest is in this matter.

The CHAIRMAN. I do not see how that affects this investigation, but, as I say, I am not going to make any technical objections.

Senator TELLER. Then we will go ahead, if you are not making any objection.

The CHAIRMAN. I am simply relying on you not to extend the investigation beyond its proper scope.

Senator TELLER. I shall not go beyond what I think is essential in determining the points you have mentioned. At least, I will try not.

The CHAIRMAN. Very well.

Mr. THURBER. Shall I proceed?

Senator TELLER. Yes.

Mr. THURBER. I came to advocate the best reciprocal arrangement I could in the interest of the people whom I represented who wanted to get their goods into Cuba, and for the people of Cuba who wanted to get their goods into the United States.

Senator TELLER. At whose instance did you come here?

Mr. THURBER. I came at the instance of the members of the United States Export Association and of the committee of Cubans who were here at that time to get a reduction of the duties on Cuban products.

Senator TELLER. You have been pretty active in this matter of creating a sentiment in favor of this reduction, have you not?

Mr. THURBER. Yes, sir; I have done all I could.

Senator TELLER. You organized and held some public meetings in New York, did you not?

Mr. THURBER. I assisted in holding a public meeting.

Senator TELLER. More than one?

Mr. THURBER. No, sir; one.



Senator TELLER. You secured, did you not, the action of the Merchants' Association there, or whatever the name of it is?

Mr. THURBER. The Merchants' Association of New York; well, I did what I could to influence them to investigate the matter.

Senator TELLER. You remember they sent to the Committee on Ways and Means some resolutions?

Mr. THURBER. Yes; I know they passed resolutions.

Senator TELLER. Did you draft the resolutions?

Mr. THURBER. No, sir.

Senator TELLER. But you did secure that action on the part of the association?

Mr. THURBER. No, sir; I did not secure it, but I did what I could with the commercial organizations of New York to get them to favor a reciprocal arrangement with Cuba.

Senator TELLER. Were you under salary from the Export Association?

Mr. THURBER. No, sir; I get a percentage on the memberships that I influence in the United States Export Association as my compensation.

The CHAIRMAN. What do you mean by "influence?"

Mr. THURBER. That I induce persons to become members.

The CHAIRMAN. If you get people to become members, you get a commission on it?

Mr. THURBER. Yes, sir.

Senator TELLER. You attended a meeting in Denver in the interest of this export association, did you not?

Mr. THURBER. That was not in Denver. It was at the trans-Mississippi Congress at Cripple Creek, was it not?

Senator TELLER. I meant Cripple Creek. I did not mean Denver. Colorado is what I was thinking about.

Mr. THURBER. Yes, sir.

Senator TELLER. You were seeking then to promote this same interest, the reduction of duty on Cuban sugar, were you not?

Mr. THURBER. No, sir; not particularly, but I was invited to deliver an address there on wider markets and how to get them. I do not think the Cuban question entered into that at all. It was the general question of wider markets for American products.

Senator TELLER. Who paid your expenses out there?

Mr. THURBER. I paid my own expenses.

Senator TELLER. You did not go in the interest of the association, then? Or do they not pay your expenses?

Mr. THURBER. No, sir; they do not. I went in the interest of the association, you might say, but I paid my own expenses.

The CHAIRMAN. Would it interfere if he stated right here what this United States Export Association is?

Senator TELLER. No; of course not.

The CHAIRMAN. Will you state, before you go further, just what this United States Export Association is?

Mr. THURBER. Yes, sir; I will give the history of it.

The CHAIRMAN. Do not give a long history of it.

Mr. THURBER. I will try to make it short, but I will have to tell you how it began. I was chairman of the committee on foreign commerce of the New York Chamber of Commerce, and I saw we had to have some machinery for enabling foreign buyers to shake hands, so to speak,

with American producers. They had not the machinery to handle it, so I communicated with 25 leading men in twenty-five different branches of industry, asking them if they would favor the establishment of such an organization in New York as would accomplish this purpose. The answers were favorable.

The CHAIRMAN. Never mind about the answers. As a result of that you organized an association, did you?

Mr. THURBER. Yes, sir; which now has a membership in 98 principal lines of industry situated throughout the United States.

The CHAIRMAN. How many members?

Mr. THURBER. About 260.

The CHAIRMAN. And there is a fee for joining?

Mr. THURBER. Yes, sir; there is a membership fee of \$100 a year.

Senator TELLER. What is the object of it?

Mr. THURBER. The object is to widen the markets for American products. We maintain a foreign commercial agency to give credit reports. We make translations of correspondence for our members, both that which they receive and that which they send out. We attend to their shipments, their freight engagements, etc., that they may need. We publish a bulletin in four languages for circulation in foreign countries in which to advertise the business of our members. Those are the main lines, although the answer of inquiries from all parts of the world and all parts of this country is an important part of the work of the association.

The CHAIRMAN. That is all. I want it to appear what the association is.

Senator TELLER. You have sent out a large number of circulars, have you not, Mr. Thurber, on this question of the reduction of the duty on Cuban sugar?

Mr. THURBER. Yes, sir; we have.

Senator TELLER. You have procured the insertion in a large number of papers of articles advocating that, have you not?

Mr. THURBER. Well, to some extent, yes.

Senator TELLER. Have you with you any of the circulars which you have been sending out?

Mr. THURBER. I do not think I have here. I may have. Yes; I have specimens here of some of them. Those [indicating] are specimens of them, Senator, but those are not all. We have had others.

Senator TELLER. How did you circulate these?

Mr. THURBER. We circulated them through the post-office, usually accompanied by a circular letter alluding to the inclosures.

The CHAIRMAN. These are not all of them?

Mr. THURBER. No, sir. There is a quantity of them.

Senator TELLER. This is not a third of them, is it, or anything like it?

Mr. THURBER. No; I think not. There are a great many more. I just happened to have those in my pocket. I was uncertain whether I had them or not.

The CHAIRMAN. I suppose, as far as that is concerned, you could furnish them all, could you not?

Mr. THURBER. I could furnish some additional ones, perhaps, but not all of them, because some of them have been used up.

Senator TELLER. You circulated, did you not, an extract of your remarks before the House committee, too?

Mr. THURBER. Yes, sir.

Senator TELLER. In the form of a letter like that [indicating]?

Mr. THURBER. Yes, sir.

Senator TELLER. Who paid for these things? Who paid for the printing of them and the publication of them?

Mr. THURBER. The Cuban committee paid for the larger part and members of our association paid for some of it, and others. We got subscriptions wherever we could from sympathizers with the cause.

Senator TELLER. Did your Export Association pay for any of them?

Mr. THURBER. Yes, sir; all we could.

Senator TELLER. Did you pay for any of them personally yourself?

Mr. THURBER. No, sir; I do not think I did.

The CHAIRMAN. I do not know whether that question is just understood by him. You asked him whether the Export Association had paid for them, and he said yes. Then you asked him whether he had paid for any personally, and he said no. He had just said that some one, the Export Association or he, obtained subscriptions from people.

Mr. THURBER. Yes, sir; but it was done through the Export Association.

Senator TELLER. Were you in the employ of anybody during this time?

Mr. THURBER. I was in the employ of the Cuban committee.

Senator TELLER. Under salary?

Mr. THURBER. Yes, sir; for about three months.

Senator TELLER. Anybody else?

Mr. THURBER. No, sir.

Senator TELLER. Were you not in the employ of the Cuban government?

Mr. THURBER. Well, I was employed in May of last year by the government.

The CHAIRMAN. The Cuban government?

Mr. THURBER. Yes, sir; I think it was the Cuban government, but it came through——

Senator TELLER. General Wood, you mean?

Mr. THURBER. It came through the Secretary of War. The Cubans had a committee or a commission sitting to formulate a tariff for Cuba. Our Government wanted to know what was necessary for the interest of the United States in getting our products into Cuba, and the War Department employed me temporarily to accumulate that information. I made a careful study of it. I interviewed the various lines of business whose goods were used in Cuba, and made my report. I was engaged in that several months. I had a salary, and I believe it was chargeable on the insular government.

The CHAIRMAN. Who paid you your salary?

Mr. THURBER. It came from the War Department in Cuba.

Senator TELLER. When did you cease that connection?

Mr. THURBER. I think in October, or thereabouts—October or November.

The CHAIRMAN. You made a report?

Mr. THURBER. Yes, sir.

The CHAIRMAN. To whom?

Mr. THURBER. I made it to the War Department, to the Secretary of War, from whom I received my appointment.

Senator TELLER. At the instance of that government you circulated

a large amount of literature, did you not, in the interest of this reduction?

Mr. THURBER. Yes; I think so.

Senator TELLER. Do you know to what extent you were engaged in that?

Mr. THURBER. I do not recollect exactly. It was mixed up with the Cuban committee, or the committee of Cubans, but my impression is there were perhaps three or four hundred thousand sets of documents sent out like this [indicating].

Senator TELLER. Like these that you handed over?

Mr. THURBER. Yes, sir.

Senator TELLER. Now, look at this paper, Mr. Thurber, which purports to be a copy of a receipt which you gave to our Secretary of War.

Mr. THURBER (after examination). I think that should have been 80,000 instead of 60,000, though. I think that has been miscopied.

Senator TELLER. You think it was 80,000 instead of 60,000. Then it was more?

Mr. THURBER. Yes, sir.

The CHAIRMAN. If you want to put this paper in evidence it might as well go in right here.

Senator TELLER. Certainly.

The paper referred to is as follows:

[Form 8. Voucher No. 31. Abstract B. Account month of April, 1902.]

NEW YORK, April 2, 1902.

*The United States Military Government of the Island of Cuba to United States Export Association,*

For sending a third edition of 60,000 circular letters and accompanying publications to leaders of thought in the United States advocating a reduction in the duties upon Cuban products, with a reciprocal reduction in the duties upon American products imported into Cuba..... \$2,880  
Received payment.

UNITED STATES EXPORT ASSOCIATION.  
F. B. THURBER, *President.*

---

April 2, 1902. To service as per bill attached (see above) in support of the applications of the inhabitants of the island of Cuba for reciprocal tariff relations with the United States..... \$2,880

Under authority of General Wood.  
March 26, 1902.

[Indorsement.]

HEADQUARTERS DEPARTMENT OF CUBA,  
*Habana, April 10, 1902.*

The services herein charged for having been performed under the verbal directions and authority of the military governor, this voucher as submitted is approved and the auditor is authorized to pass the same.

By direction of the military governor:

FRANK MCCOY, *Aid-de-Camp.*

Paid by check No. 403158, April 11, 1902, for \$2,880, on Banco Nacional de Cuba.

Senator TELLER. How many lots of that did you circulate?

Mr. THURBER. I think there were three lots that were paid for. As I recollect my connection with the Cuban committee and with the government, I think the insular government paid for three editions.

Senator TELLER. The Cuban committee does not seem to have had anything to do with this, does it?

Mr. THURBER. It all came through them. I know I suggested to the Cuban committee that some of the amounts which had been paid by Cuba in duties would be well expended if they could get the support to put this subject before the public.

Senator TELLER. But this does not appear to have had anything to do with the Cuban committee, does it? This is the insular government that publishes these?

Mr. THURBER. But it came through the Cuban committee. It was under an understanding, I think, between the Cuban committee and the insular government that they would support as far as they could the pacification of Cuba. That is about all there was to it—that they would do what they could to help get their industries on a proper basis.

Senator TELLER. You acknowledged here the receipt of \$2,880, which you had expended, I suppose?

Mr. THURBER. Yes, sir.

Senator TELLER. Out of your own funds?

Mr. THURBER. No, sir; it was all done through the Export Association.

Senator TELLER. Was this money repaid over to the Export Association?

Mr. THURBER. Yes, sir.

Senator TELLER. By the insular government?

Mr. THURBER. Yes, sir; by the Cuban committee.

Senator TELLER. Look at that paper. You know it was not by the Cuban committee.

Mr. THURBER. I understand; but this is the arrangement——

Senator TELLER. I do not ask you about the arrangement.

Mr. THURBER. The United States Export Association machinery was used in its publication.

Senator TELLER. Mr. Thurber, you had issued three sets of circulars and made three of these, did you not?

Mr. THURBER. I think so. That is my impression.

Senator TELLER. Do you not know so?

Mr. THURBER. I am not certain about the third, but I think so.

Senator TELLER. You say here “For sending a third edition of 60,000 circular letters.”

Mr. THURBER. A third, yes. Then I am right in that. It was three.

Senator TELLER. What was the amount of the others; the same as this?

Mr. THURBER. The same amount; yes, sir.

Senator TELLER. Eighty thousand, if that is the proper number?

Mr. THURBER. Yes, sir; that is copied wrong where it says 60,000.

Senator TELLER. Was the amount paid the same each time?

Mr. THURBER. Yes, sir.

Senator TELLER. You had some controversy with the War Department and General Wood over this bill, did you not?

Mr. THURBER. No, sir; no controversy.

Senator TELLER. Did they not object to paying it?

Mr. THURBER. No, sir.

Senator TELLER. Where was it paid?

Mr. THURBER. Bills were sent to Cuba and—let me see. At one

time, I think, one of those was paid in New York and the others were paid in remittances from Cuba.

Senator TELLER. This last one was paid in the United States, was it not?

Mr. THURBER. No, sir; I think it was paid by draft from Cuba.

Senator TELLER. Did you not, when General Wood was here last spring, get a verbal order from Wood to have this paid, and was it not paid under that verbal order?

Mr. THURBER. No, sir; it was paid by draft from Cuba. Regular vouchers were made.

Senator TELLER. Now, look at the bottom and see if that was not paid here as a check; I mean whether the check on that national bank down there in Cuba was not handed to you.

Mr. THURBER. No, sir; this check was forwarded from Cuba to the United States Export Association.

Senator TELLER. You are sure of that?

Mr. THURBER. That is my recollection. I will not be certain about it. I was receiving money from the Cuban committee and other sources, also.

Senator TELLER. I wish to say that I may want to put on a man who will say this was paid here, and I do not want to do it without notifying Mr. Thurber.

Mr. THURBER. It may be. I will not be certain about it, but my impression is that our remittances as a rule came direct from Cuba.

Senator TELLER. What were the amounts paid for the other two installments of this? Do you remember? Were they the same?

Mr. THURBER. The same amount exactly—just to cover the expense of the work.

Senator TELLER. Do you know when they were paid?

Mr. THURBER. I do not know the exact dates, but if this was the third one, I can say that there was an interval perhaps of three or four weeks between.

Senator TELLER. And the items were the same, whatever this may be, whether 60,000 or 80,000?

Mr. THURBER. Yes.

Senator TELLER. And the payments were the same?

Mr. THURBER. Yes, sir.

Senator TELLER. You do not happen to have one of those circulars that you can give me, have you? Or was there a variety of circulars?

Mr. THURBER. There was a variety of circulars, and these are specimens, you know.

Senator TELLER. Can you designate whether these were issued under that régime or whether they came from the Cuban committee or the Export Association or who?

Mr. THURBER. I do not recollect as to which was which. Of course we were doing this all really for the Cuban committee, and they brought in this aid. They were getting aid wherever they could, and this was the principal part of it.

Senator TELLER. What amount of money did the Cuban committee that were here invest in this sort of literature through you or through your association?

Mr. THURBER. I know I was figuring up that the postage amounted to about \$10,000.

Senator TELLER. The postage?



Mr. THURBER. The postage, yes; and I think the printing, stationery, clerk hire, etc., amounted to about the same. I should say in round numbers \$20,000.

Senator TELLER. That was for the Cuban committee?

Mr. THURBER. Yes, sir; that is the whole work.

Senator TELLER. You mean the whole, including these circulars?

Mr. THURBER. Yes, sir.

Senator TELLER. I would like to know what you mean by this. You made out this bill, did you not?

Mr. THURBER. I think so.

Senator TELLER (reading). "For sending a third edition of 60,000 circular letters and accompanying publications." Was the letter like this [indicating]?

Mr. THURBER. The different editions varied, you know. They alluded to and explained the inclosure, as to what it was calling attention to.

Senator TELLER. (Reading:)

"To leaders of thought in the United States."

What is meant by that?

Mr. THURBER. Well, we had a list of 80,000 leaders of thought. That is, they were all people who represented something, leading people in the commercial world and editors.

Senator TELLER. Preachers?

Mr. THURBER. Yes, sir; preachers and teachers, and so on.

Senator TELLER. In a number of these circulars that you sent out you presented a very doleful account of the condition of the Cubans, did you not? That is, the distress that did prevail or was likely to prevail if something was not done immediately?

Mr. THURBER. I do not know that we did, Senator. We stated the needs of Cuba as well as we could.

Senator TELLER. I do not know whether I can turn to them or not, but I think I can in a moment, in the testimony before the House committee. Did you not send out some things like these?

The CHAIRMAN. What page?

Senator TELLER. Page 63 of the testimony before the House committee. You heard Mr. Corwine's testimony, did you not, before the House committee—William R. Corwine, representing the Merchants' Association of New York?

Mr. THURBER. I do not think I heard that. I know he was here, but I think I left before he testified.

Senator TELLER. It was the same day you testified. I notice that.

Mr. THURBER. Yes; but I think I testified before he did and then I took the afternoon train.

Senator TELLER. I want to know if you did not circulate some things something like this. This is what Mr. Corwine said he had received from the Board of Merchants of Matanzas:

"Immediate relief for Cuba situation absolutely necessary. Your most energetic cooperation solicited. Condition of affairs so serious prompt solution has become a question of humanity.

"B. A. BEA,  
"President Matanzas Board of Merchants.

Were not these things pretty generally circulated throughout the United States.

Mr. THURBER. I do not know what the Merchants' Association did. We did not do anything of that sort. Our documents were more in the nature of those I have shown you samples of. We did state that we believed the permanent pacification and welfare of Cuba depended upon getting her products into the United States at a reasonable rate of duty.

Senator TELLER. You know Mr. John Claflin, of New York?

Mr. THURBER. Yes, sir.

Senator TELLER. Did you have any conference with him about this matter?

Mr. THURBER. No; I think he is connected with the Merchants' Association. They did some work independently of us.

Senator TELLER. I will call your attention to this and see whether you have seen anything of it. Mr. Claflin telegraphs Mr. Corwine:

"Absolutely necessary something should be done for Cuba immediately"—

This is the 14th of January. At least, I think that is the date. At any rate, it was in January—

"Do not leave any stone unturned in promoting quick action."

You think you did not put out these things yourselves?

Mr. THURBER. No, sir.

Senator TELLER. You think not?

Mr. THURBER. No, sir; I think the Merchants' Association did that. They did some work for the Cuban committee.

Senator TELLER. Here is another from Mr. John C. Eames, who was the vice-president and general manager of the Claflin Company:

"You have my hearty support and cooperation in your mission to Washington. Absolutely necessary that something be done immediately in the way of reciprocity with Cuba, not only for her sake, but for manufacturing interests in this country."

Then another from Mr. Fuller:

"The entire commerce of this city, irrespective of party, deeply interested in securing reciprocal relations with Cuba."

You think that was done through the Merchants' Association and not yours?

Mr. THURBER. If that was sent out it was not done through us.

Senator TELLER. Because Mr. Corwine represented that association here before the committee.

Mr. THURBER. Yes, sir.

Senator TELLER. These telegrams I have been reading are what Mr. Corwine presented to the House committee?

Mr. THURBER. Yes.

Senator TELLER. Could you furnish, Mr. Thurber, a list of all those things that you have been publishing, for which the Cuban Government or the Cuban committee has been paying?

Mr. THURBER. I do not think I could distinguish between what was sent in the different editions. I know we haven't some of them; but I think we have several specimens. These I produced here were some I had in my pocket. I know I have in my office others that are not included there. I will be glad to send you anything I have.

Senator TELLER. Will you be kind enough to send me a sample of each one of them that you have?

Mr. THURBER. Yes, sir; anything we have we will be very glad to send you.

The CHAIRMAN. And the letter that accompanied them.

Senator TELLER. Yes, and the letter that accompanied them, so far as you can.

Mr. THURBER. Yes. I do not know that we have any letters; but I will make a search and see.

Senator TELLER. Did you not keep a copy, probably, of this letter?

Mr. THURBER. We did for a while. There would be a few left over, you know, in the sending out.

The CHAIRMAN. If you have any letter that accompanied the publications that you sent out, send us the form of the letter.

Mr. THURBER. Yes, sir.

Senator TELLER. This is an extract that I hold in my hand of your testimony before the House Committee on Ways and Means. Was this sent out on your own suggestion or that of somebody else?

Mr. THURBER. That was one of the documents that we felt would inform the public. I do not remember. I think it was sent out on my suggestion.

Senator TELLER. You say "we." Whom did you consult about this matter before you sent out these documents?

Mr. THURBER. Why, members of the Cuban committee who were here.

Senator TELLER. Who were the members of the Cuban committee?

Mr. THURBER. Well, Señor Gamba was the chairman.

Senator TELLER. Was Mr. L. V. De Abad one of them?

Mr. THURBER. He represented one branch of the Cuban committee, but I did not have any particular consultation with Mr. de Abad.

Senator TELLER. You think you did not have a conference with him?

Mr. THURBER. No, sir. I know him. I met him, you know. We were working in harmony, doing what we could.

Senator TELLER. He has been pretty active in this matter, has he not?

Mr. THURBER. I think he has, as far as writing articles, etc., are concerned.

Senator TELLER. Did you consult Mr. Havemeyer with reference to these publications?

Mr. THURBER. No, sir; I did not.

Senator TELLER. At no time?

Mr. THURBER. But after I had made this argument, and when I was sending it out, I went to Mr. Havemeyer and told him that I had been asked if I was representing him, and it seemed to me that that indicated I was working at least in harmony with his interests, and that this was costing a great deal of money to send out this thing, and Mr. Havemeyer subscribed \$2,500 toward the expense.

Senator TELLER. That is, that went to your Export Association?

Mr. THURBER. Yes, sir; toward this publication fund.

Senator TELLER. To be used in that way?

Mr. THURBER. The publication fund of the Cuban committee.

The CHAIRMAN. You solicited a subscription from him?

Mr. THURBER. Yes, sir.

The CHAIRMAN. Mr. Teller, do you want to put in those specimens he has given you?

Senator TELLER. I will if you want them.

The CHAIRMAN. They have been referred to.

Senator TELLER. Well, put them in.

Mr. THURBER. will send you any others that we have left.

Senator TELLER. Send them over, and I will put them in; and I want you to send particularly those heartbreaking ones, some of which I have seen.

Mr. THURBER. Very well, sir.

The papers referred to are as follows:

OUR RELATIONS WITH CUBA—WHAT PRESIDENT ROOSEVELT AND SECRETARY OF WAR ROOT SAY ABOUT THEM.

[Extract from the President's message, 1901.]

President Roosevelt says:

"In Cuba such progress has been made toward putting the independent government of the island upon a firm footing that before the present session of the Congress closes this will be an accomplished fact. Cuba will then start as her own mistress; and to the beautiful Queen of the Antilles, as she unfolds this new page of her destiny, we extend our heartiest greetings and good wishes. Elsewhere I have discussed the question of reciprocity. In the case of Cuba, however, there are weighty reasons of morality and of national interest why the policy should be held to have a peculiar application, and I most earnestly ask your attention to the wisdom—indeed, to the vital need—of providing for a substantial reduction in the tariff duties on Cuban imports into the United States. Cuba has in her constitution affirmed what we desired—that she should stand, in international matters, in closer and more friendly relations with us than with any other power; and we are bound by every consideration of honor and expediency to pass commercial measures in the interest of her material well-being."

[Extract from the Report of the Secretary of War, 1901.]

Aside from the moral obligation to which we committed ourselves when we drove Spain out of Cuba, and aside from the ordinary considerations of commercial advantage involved in a reciprocity treaty, there are the weightiest reasons of American public policy pointing in the same direction; for the peace of Cuba is necessary to the peace of the United States; for the health of Cuba is necessary to the health of the United States; the independence of Cuba is necessary to the safety of the United States. The same considerations which led to the war with Spain now require that a commercial arrangement be made under which Cuba can live. The condition of the sugar and tobacco industries in Cuba is already such that the earliest possible action by Congress upon this subject is desirable.

STRAWS.

"Cuba is now the great issue before Congress. The party in power," argues the Springfield Republican (Ind.), "can not afford to enter the fall campaign with a record of hostility to the recommendations of its own President on this question. The Democrats will have the next House by a good majority if the Cubans are not given a 'chance to live.'"

"The beet-sugar men should be wise in time," counsels the Chicago Inter-Ocean (Rep.). "They should remember the *Maine*, and remem-

ber Porto Rico, and what happened to those who tried to halt the American people then."

"Blinded as they may be by prejudice or self-interest," the Philadelphia Record (Ind. Dem.) believes the extreme protectionists "can not but dimly recognize now and then that the American people will not much longer tolerate a policy of commercial exclusion which serves chiefly as a barrier to the country's export trade with the world."

"The locks of the Democratic Samson which were shorn by the free-silver Delilah are likely to grow rapidly under the effective treatment of the extreme protectionists," observes the St. Paul Pioneer Press (Rep.).

"We shall clearly gain more than we shall lose by generous dealings with the Cubans," contends the Utica Press (Ind.). "Less than 1 per cent of the American people are interested in the beet-sugar industry, and the theory of our Government is 'the greatest good to the greatest number.'"

"Considering the importance that was attached to the President's message declaration about Cuba, and the high expectations that were entertained as to his ability to make good his position," remarks the Baltimore News (Ind.), "acceptance of a 20 per cent reduction will be coming out at the small end of the horn indeed."

---

#### PROTECTION AND RECIPROCITY.

[By Prof. Edwin Maxey, D. C. L., LL. D., of the University of Wisconsin.]

With our industrial development our surplus, for which a foreign market must be found, has increased in amount and become more varied in character. While our exports consisted chiefly of food stuffs which Europe needed to the extent that she could scarce exist without them, the finding of a market for them was a comparatively simple problem. But, whether for weal or woe, we are no longer primarily an agricultural people. Such has been the development of our mills and factories that the home market is no longer adequate to their needs. A market for this rapidly increasing surplus must be found outside our borders. The necessity for this is not a matter of dispute; the question is as to the means. And it is in no wise a simple one, for we are far from having a monopoly in this field, but must meet successfully the competition of powers which have hitherto been the undisputed masters. What part our Government will play in the solution of this problem, or whether they will leave its solution entirely to private enterprise, is the question which now confronts our statesmen.

And, first, should the Government take any part at all in the solution of the question? In other words, is this a matter which comes properly within the sphere of governmental activity? We have here a purely practical question, the answer to which should be based, not upon metaphysical refinements, but upon consideration of expediency. Fortunately we are not left entirely to a priori consideration, but may turn to the facts of past experience for a guiding light. While the experience of this and other nations has not been without chapters which would lead one to conclude that the Government should leave



the solution of economic question to private enterprise, the whole problem, if studied carefully, will lead to the opposite conclusion. True, it has its disadvantages, but what policy has them not? In practically every line of public activity, as indeed in nearly all of our private activities, it is a question of balancing the advantages against the disadvantages.

Among the means which our Government may adopt in seeking to assist in finding a market for our surplus, that which seems most promising to many is an extension of the policy of entering into reciprocity treaties. But in advocating this policy we are met upon the very threshold by the objection that it is free trade in principle, and that this Government is committed to the policy of protection, which rests upon a contradictory principle, that an extension of the policy of reciprocity is therefore incompatible with an adherence to the policy of protection. A fear bordering upon panic becomes at once prevalent in the ranks of those to whom protection is the "darling principle of their hearts." Nor is this at all unnatural, for the practical man naturally hesitates to abandon a principle, the maintenance of which has been a factor in his nation's prosperity throughout the entire period of its national life, in order to extend a policy which as yet has yielded comparatively small returns.

Let us, therefore, examine this argument. Are protection and reciprocity antagonistic principles? Simply this: The Government, by securing to certain industries advantages which without its aid they could not secure, can thereby direct the activities of the nation in such a way that the energies of the people will be expended in those lines of activity which will result in the greatest benefits to the public as a whole. Those who look upon protection as a merely retaliatory measure judge of the policy by a perverted use of it. While it may, of course, be used for retaliatory purposes, as indeed may be a judicial position, this is the exception. Primarily it is simply an expression of the nation's judgment as to a relation of a given line of activity to others and to the public welfare. In general, the injury which results to other nations is an incidental matter, and by no means the controlling motive.

However difficult it may be for other nations to realize it, this is unquestionably the fact. Undoubtedly it subordinates the interests of other nations to its own. But we are not convinced that in the present stage of development of international ethics, this is a very grievous fault. Whatever may be our philosophy, the fact that in practically all of our actions, whether private or public, we proceed upon the supposition that we owe a somewhat larger duty to ourselves than to others; and this same rule of conduct is not uncommon elsewhere. But whether or not the principle of protection can be made to harmonize with our ethical ideals is, and for some time will remain, an academic question; the practical question is, to what extent is its application expedient? Without arguing this question, which would take us too far afield, let us inquire as to the principle underlying reciprocity.

A careful study convinces us that it is precisely the same as that which underlies protection. In both the essential principle is that of securing, through the instrumentality of the Government, advantages which could not be secured by private enterprise, and thus directing the course of development along the most advantageous lines. Whether



this is done by securing advantages in the home market by means of legislation or in a foreign market by means of a treaty is clearly a matter of indifference so far as the principle is concerned. The selection of certain foreign markets rather than others or the including of certain articles in the treaty rather than others, will, of course, give advantage to certain lines of commodities rather than to others, just as will a change in tariff schedules. In the negotiation of reciprocity treaties, just as in the framing of tariff schedules, the Government may err by including certain articles that should have been excluded, and the reverse, and it is for this reason that there is room for honest difference of opinion as to the advisability of either. But this much is clear, that if reciprocity is to be condemned it must be upon other grounds than that it is at variance with the principle of protection.

With reference to its application, we have at present to consider the normal condition, viz, where it is purely an economic question, and, second, the condition in which our previous actions have caused the economic question to be interwoven with moral considerations. In the former class we have Canada, France, Latin-America, etc.; in the latter, Cuba. As to the former we are convinced that mutual concessions could be made, which would prove of immense advantage to all parties concerned; as to the latter, economic and ethical considerations combine to make it not only advisable but imperative upon us to make liberal concessions. The industrial and political future of the island is in our hands. Upon our actions in the expulsion of Spain, our record during the brief period of our possession of the island, and the rôle we have played in the creation of the Cuban Republic, we may well reflect with pride.

We have enabled them to escape the blighting curse of a system of government under which they were being bled for the benefit of their Spanish masters, inaugurated a system of educational and sanitary regeneration, assisted in the creation of a new Republic, and by so doing have not only enabled them to realize their long-cherished dreams but also convinced other nations that we have the force of character to resist temptations to which they have often yielded. Let us not mar this fair record by unjust or ungenerous economic treatment. It is to be hoped Congress will discover that the lines of duty and interest lie along the same path. With a surplus in our revenue, a reduction may well be made in our tariff, and we know of no other line in which it could be made so advantageously as by reciprocity treaties, which would increase the market for our exports and in the case of Cuba fulfil a moral obligation resting upon us.

EDWIN MAXEY.

---

STATEMENT OF F. B. THURBER, PRESIDENT UNITED STATES EXPORT ASSOCIATION, IN RE THE TARIFF ON CUBAN PRODUCTS, BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES, WASHINGTON, D. C., JANUARY 15, 1902.

I am interested in this subject primarily as a question of the good faith of the United States toward Cuba; second, to voice the interest of American producers and manufacturers, who, under proper conditions, would find a very valuable market in Cuba; and third, the interest of American consumers of sugar.

For many years I was one of the largest distributors of sugar in the United States, and am familiar with that industry. For the past five years I have been president of the United States Export Association, whose object is to widen the market for American products, and whose membership comprises leading houses in 98 principal lines of industry situated in 34 States.

During the past year I have had occasion to make a special study of the tariff relations between Cuba and the United States, with the result of arriving at the belief that the greatest good to the greatest number of the people of both countries will be subserved by placing Cuba, so far as our tariff relations are concerned, as nearly as possible on the same basis as Porto Rico and Hawaii; and the same be said of the Philippine Islands.

Strange as it may seem, the Dingley tariff imposes on the chief Cuban products—sugar and tobacco—a duty amounting to about 100 per cent, while on the dutiable products of all other countries imported into the United States it averages about 50 per cent. This is anomalous in itself, and is rendered still more so by our changed relations to Cuba, which virtually makes her the ward of the nation. She has accepted the Platt amendment, which imposes upon her duties and obligations which prevent her from making advantageous treaties with other countries; and, as stated by President Roosevelt, “every consideration of duty and interest demands that Cuba should have liberal treatment at our hands.”

This is opposed by our domestic beet and cane sugar interests, who have been making enormous profits under the excessive protection afforded them by our present tariff. The beet-sugar interests are on record, over their own signature, in a letter to their bankers, that they could prosper under absolute free trade; and it is estimated by good authorities that in factories favorably situated they have been making a profit of about 2 cents a pound, with a lesser margin in less favored localities, which they now bring forward as an argument why concessions should not be made in the tariff on Cuban products, which is somewhat like arguing that the tariff should be high enough to make the growing of bananas under glass profitable. I am a Republican and a protectionist; but there is reason in all things, and I believe that there should be a power above unreasoning protectionists to say what is reasonable.

The permanency of a protective tariff will largely depend on this; and I contend that it is shortsighted on the part of our protected industries not to recognize changed conditions, and that unless they are recognized there will come a groundswell of public opinion which will go to extremes on the other side and be disastrous to all our industries. This was the view of William McKinley, who could not be considered an enemy to American industries. It is especially shortsighted on the part of our domestic sugar growers not to be willing to make liberal concessions at the present time in the tariff on Cuban products. There is an influential element in Cuba to-day in favor of annexation to the United States, and if this is strengthened by disastrous industrial conditions in Cuba that day will be hastened, and with absolute free trade between Cuba and the United States our beet-sugar industries would be in the position of that man whose “last state was worse than the first,” although it would unquestionably be a blessing to the consumers of sugar in the United States and our fruit growing, canning, and

preserving industries, which would greatly develop and prosper with cheap sugar.

The representatives of the beet-sugar industries have industriously spread the report that the demand for reciprocity with Cuba was inspired by the sugar trust; that it had large investments in Cuban plantations, and hoped, with free raw sugar, to break down our domestic sugar interests. I have made diligent inquiry as to the truth of this, and can not find that there is any truth in it, except, possibly, that some individual stockholders in American sugar-refining interests also own small amounts of stock in Cuban sugar plantations; but these same individuals are much more largely interested in Porto Rico and Hawaii, whose sugar comes in free of duty.

I am in no way interested in the sugar trust, and am not disposed to believe that the human nature embodied in it is any better or worse than that embodied in our domestic beet and cane sugar industries; but it has certainly been less greedy in its margin of profit than our domestic sugar interests; for while they have been making from  $1\frac{1}{2}$  to 2 cents a pound profit on sugar, refining interests have varied from nothing to three-quarters of a cent a pound profit, averaging perhaps one-quarter to three-eighths since the formation of the sugar trust. In the early days of the sugar refining industry the difference between raw and refined varied between 2 and 3 cents per pound; now the average difference is perhaps 1 cent a pound, with an actual cost in the process of perhaps five-eighths cent a pound, leaving a margin for profit of about three-eighths. This is doubtless the reason why under all tariffs, notably the McKinley, the Wilson, and the present Dingley tariff, our sugar-refining industries have been protected by a differential duty on refined of perhaps one-half a cent per pound, and this, it should be remembered, inures as much to the protection of the beet-sugar interests as it does to our refining interests, for the beet sugar manufacturers make refined sugar.

Now, as to what concession should be made to Cuba. I believe it would be to the interest of the Cubans, and American flour and provision interests and American fruit canning and preserving interests, and the interest of all American consumers of sugar, if what the Cubans ask could be granted—viz, free raw sugar and one-half the present duties on tobacco and cigars. But if in your wisdom you think we can not go as far as that at this time, then the very least concession which should be made should be 50 per cent on all her products; and with this, it should be remembered, it would still leave her products subject to a duty equal to the average on the dutiable products received by us from all other countries. This would lower by one-half the high tariff wall which we have erected against our ward. And if she in return would establish a tariff averaging 50 per cent on her importations, she could reduce that one-half on her importations from the United States; and this would enable her merchants to buy all of their supplies in the United States, three-fifths of which they now buy in Europe.

This would not violate the most-favored-nation clause in treaties with other countries, because no country could offer Cuba such inducements as we would offer her by such an arrangement; and it would still give her sufficient revenue, because her present tariff, established by our War Department for Cuba, averages about 25 per cent. American products would still enter the Cuban market at the present rate,

but those of other countries would have to pay the higher rate; hence we would get the trade, and a large and increasing trade, because with increased purchasing power on the part of her people Cuba would become one of our most important markets.

All of which is respectfully submitted.

---

[From New York Journal of Commerce, December 18, 1901.]

**CUBA'S CALL FOR RECIPROCITY—A. B. FARQUHAR'S ADDRESS BEFORE THE ACADEMY OF SCIENCE—THE LESSON TO BE DRAWN FROM THE FALLING OFF IN TRADE WITH THE ISLAND IS THAT OUR CUSTOMERS IN CUBA CAN NOT BUY FROM US BECAUSE WE HAVE MADE THEM TOO POOR.**

PHILADELPHIA, *December 17.*

In an address before the American Academy of Political and Social Science recently A. B. Farquhar delivered an address on "The need of reciprocity from the point of view of the American manufacturer." Mr. Farquhar dealt at length with this country's obligations to Cuba and the conditions in Cuba—a subject on which he was especially qualified to speak, having been trading with the island for more than a quarter of a century and having naturally formed acquaintance with a good many people during his visits here. In part Mr. Farquhar said:

"Far beyond any other country in present importance, as bearing upon the question of reciprocity, is the island of Cuba. The best-known historian of the recent war in that island, Col. Theodore Roosevelt, now President, reminds us that 'the guns that thundered over Manila and Santiago left us echoes of glory, but they also left us a legacy of duty. It is worse than idle for us to say that we have no duty to perform and can leave the islands to their fate. Let us, as we value our self-respect, face these responsibilities and meet the problem in a way to redound to our glory, with high resolve for the widest freedom of individual initiative, pursuing no policy that is hostile to the welfare of the many. While our nation's first duty is within its own borders, it is not to be absolved from facing its duties as a whole, and if it refuses to do so it forfeits its right to struggle for a place among the people that shape the destiny of mankind.'

"Our responsibility is great because our power is great. At our command, as an express condition of our ceasing to treat the island as conquered territory under martial law, the 'Platt amendment' was forced into the new constitution of Cuba as an integral part of her organic law. By that amendment the Cubans are bound hand and foot; powerless to conclude treaties with other countries save by our consent. They can not turn elsewhere for favorable terms, but must be satisfied with what we choose to give them, and what we have hitherto chosen to give them is only a fresh and increased dose of the old Spanish prescription—pauperism and bankruptcy. The commercial products of the island are sugar and tobacco. For these our country is the natural market, and we make our duties especially heavy on them—over 100 per cent on sugar, the more important of the two; in other words, we tax the products of Cuba more than double

the Dingley rates on dutiable goods generally, the rate being \$1.88 per hundred pounds, the Cubans receiving after deducting cost of transportation barely \$1.70, which is less than cost of production. This can not continue; it points to inevitable ruin and paralysis of productive and commercial enterprise, with a relegation of that fair island to a condition of idleness and semibarbarism. The land is fertile, luckily; nature there produces enough, with little assistance, to keep the population from starvation, but there can be no growth. I feel a slight shame in showing how our own interests are suffering along with those of our island ward, but that is one of the facts in the case, and the pace at which the evil is progressing is clearly shown by the rate at which our Cuban export trade has fallen off since 1899, when it was \$36,500,000. The loss in 1900 was \$4,500,000, and in the first eight months of 1901 \$5,000,000 more. Our exports to Cuba in the year following the Blaine-McKinley reciprocity law doubled in value. Can any other lesson be drawn from the present falling off in a trade, so prosperous elsewhere, than that our customers in Cuba can not buy of us because we have made them too poor?

#### BENEFITS OF FREE SUGAR.

“Such opposition as is made to the demand of the Cubans for reciprocal trade with the United States comes, it need be hardly stated, from the sugar and tobacco producers, mainly the former. Even the opposition from these sources is often not altogether candid in its expression. For instance, we are not infrequently treated to the assertion that lowering the duty on Cuban sugar will not bring greater gains to the Cuban growers, but that the lion's share will fall to the sugar trust. That corporation occupies a singular position in our politics. Everybody appeals with confidence to its assumed unpopularity; everybody expects approval for this or that scheme which he claims will diminish its profits, or calls down denunciation on the other scheme which is certain to enhance them; yet, meantime, no one, by any chance, undertakes to effect the only means of really cutting down its gains—taking off a part of the impost on refined sugar. Both great parties seem alike in this. The McKinley bill made raw sugar free, but allowed a generous duty on refined; the Wilson bill dealt gently with sugar refining; the Dingley bill was not behind its predecessors in deference to the same powerful interest. And yet, to judge from the general trend of talk on the subject, one would think that it had not a friend! Well, in sober truth, I think it altogether possible that through increased sales the greatly favored and greatly anathematized sugar trust would enjoy a small part of the profit of free admission of the raw product from Cuba. I think it altogether probable that all the consumers of sugar, including fruit growers and canners, makers of jams and preserves, would obtain a larger part. I think it altogether certain that the Cubans would secure for themselves a still larger part, which, whether larger or smaller, would be sufficient to make all the difference between success and ruin, between revival of agriculture and enterprise and destruction, between friendship and enduring enmity on their part toward us. If there should be any question how the Cubans themselves feel on the subject, just ask them, as I have already done. If, after doing ‘our plain duty’ in this case, we should happen to discover



that the trust was drawing an undue share of the profits, things could be made even by cutting down a part of the duty on sugars above No. 16 Dutch standard."

### TESTIMONY OF PROF. H. W. WILEY.

Prof. H. W. WILEY, having been first duly sworn by the chairman, testified as follows:

Senator TELLER. Dr. Wiley, you testified before the House committee?

Mr. WILEY. Yes, sir.

Senator TELLER. I want to ask you about this countervailing duty. You took the position before the House committee, as I recollect, that we did not countervail to the extent of the bounty, and that is a thing I would like to have you make as clear as you can, so that the average Senator can understand it.

Mr. WILEY. The only countervailing duties which we lay are against the official bounties paid by sugar-producing countries. We lay no countervailing duties whatever against the cartel bounty, which prevails especially in three countries, but we have exact knowledge of its magnitude in two only—namely, Austro-Hungary and Germany.

The CHAIRMAN. I may not want to cross-examine you later, and I will ask you now: You say we do not countervail against anything except the official bounties.

Mr. WILEY. Yes, sir.

The CHAIRMAN. That is scarcely true in regard to Russia, is it?

Mr. WILEY. I am speaking only of Germany and Austro-Hungary. I never investigated the Russian question at all, so what I state here refers to those two countries only. It is pretty hard to get at anything definite in regard to Russia.

Senator TELLER. I want you to make it just as plain as you can what the effect of this cartel is and have you show that it is what I think it is—practically a bounty, and one against which we ought to countervail; and if we do countervail we will do more for Cuba, in my opinion, than any legislation, ten times over.

Mr. WILEY. I may say, Senator, that when I received the telephonic message yesterday about 4 o'clock to come up here, of course I did not know what you wanted to ask me about, but I supposed it was this; and I have made a few notes since that time which, if you will allow me to read them, will make it more concise.

Senator TELLER. I should be glad to have you do that. I wanted to come over and discuss this question with you, thinking I did not understand it as I would if I had a little private conversation with you, but I did not get the time. Go ahead with your statement.

Mr. WILEY. On June 1, 1900, German and Austrian beet sugar of about 94° polarization and 88 per cent rendement was worth \$2.66 per hundred pounds f. o. b., Hamburg. This was just at the beginning of the operation of the celebrated cartel, but before it had produced any effect upon the price. On June 5, 1902, almost exactly two years afterwards, the same kind of sugar was worth \$1.54 per hundred pounds. The above were the world prices ready for shipment to any port, without including freights or duties at the port of entry. Thus in the two years in which the cartel has been in operation the price of raw sugar has been depressed almost exactly 42 per cent.



At the time of the first quotations the official bounties granted on exported sugar were in full force and were of the same magnitude as at the present day. This wonderful depression in price, therefore, is not due to the official bounty. The question which presents itself at the present time is what part of the total depression in price of 1.12 cents per pound for raw sugar has been due directly or indirectly to the cartel. I can not present any more emphatically than I did in my testimony before the Ways and Means Committee of the House of Representatives the character and scope of the cartel bounty. I refer to my testimony on pages 492 and following in the printed report of the hearings before the Ways and Means Committee.

The existence of this cartel has for its principal objects the raising of the price of sugar to the home consumer for the purpose of forming a fund to enable the sugar which is sold to a foreign consumer to be exported at a price below the cost of production. The final outcome of this policy results in the taxpayers of the country in which the cartel exists contributing large sums of money to cheapen the cost of sugar consumed in foreign countries. How well this purpose has been attained is attested by the fall in price of raw sugar to the extent of 1.12 cents per pound within a period of two years. In my testimony before the Ways and Means Committee I rejected all data which were not in exact harmony with the known conditions of agreement among the subscribers to the cartel. I reached the conclusion (p. 493) that the total cartel bounty was 1.11 cents a pound, about one-third of which went directly to the grower. I am convinced from further study, however, that the benefits accruing to the exporters of sugar from the cartel countries are far greater than appear upon the face of the agreement.

Soon after the appearance of my paper the English experts, Sir Neville Lubbock and Mr. George Martineau, called my attention to the fact that a much larger sum was realized from the operation of the cartel than could be identified by the official figures based upon the agreement. Mr. Martineau wrote me that he believed the actual amount of the benefit under the cartel was more than double that which I stated, viz, 0.37 cents a pound (p. 494). This opinion was also concurred in by Sir Neville Lubbock.

I have now the good fortune to be in possession of the printed figures on which these gentlemen based their opinion that my assumption was too low. Mr. Martineau shows in the *International Sugar Journal* for June, 1902, that the total bounty accruing from the cartel during the past year was £5,558,495, or \$27,014,286. The total number of tons exported from Germany during the year was 1,027,259, equivalent to \$26.29 for each ton of raw sugar exported. According to the published terms of the cartel, this amount was divided among the growers of raw sugar and the members of the cartel.

Great complaint has been made among the growers of the raw sugar that they have not received their full share, but it is certain that somebody has received this money, and as a result of this enormous tax upon the sugar consumers of Germany the exporters of raw sugar have been able to sell their wares at less than the cost of production. If we divide the amount of the bounty thus collected on each ton of sugar by the number of pounds in each metric ton, namely, 2204.6, we

find the quotient is 1.15. This means that the total cartel bounty on each pound of raw sugar exported is 1.15 cents, and this corresponds almost exactly with my own calculation (p. 493) of 1.11 cents and with the total reduction in the cost of sugar, namely, 1.12 cents per pound, which has taken place since the inauguration of the cartel. It is thus evident from data which it is difficult to controvert that the whole of the reduction in the price of raw sugar is accounted for by the magnitude of the cartel bounty alone.

I suppose it will not be claimed by anyone, however, that this reduction has been secured by the payment of this whole sum to the producers of raw sugar. On the contrary, the Europeans have had a taste in sugar matters of the experience which other countries have undergone where powerful combinations of capital control staple and necessary products. Undoubtedly the larger part of this vast sum has gone into the treasury of the cartel, where it subserves the useful purpose of paying large dividends and controlling commercial if not political operations. As a result of this diversion of the funds from their legitimate purpose under the cartel, the producers of raw sugar in Germany have felt the stress which the low prices of that article have exerted in the whole sugar-producing world. In fact, the cry of distress from the producers is world-wide wherever sugar is grown. It is heard with equal plainness from Hawaii and California, from Michigan and Louisiana, from Germany, France, and Austria, from Russia, from Java, from the British West Indies, from Porto Rico, and from Cuba.

It is evident that no system of relief, however ingenious it may be, can prove of any permanent value as long as the artificial system of depressing prices continues to exist. The whole sugar-producing world, therefore, with the possible exception of three countries—namely, Germany, Austria, and Russia—has hailed with delight the decision of the Brussels conference to abolish all official bounties and to greatly reduce any possible cartel bounty by lowering the surtax—that is, the difference between the tax on consumption and the tariff tax at the frontier—to a little over one-half a cent a pound, considerably less than one-third of what it is now. It is to be hoped that the various Governments subscribing to the Brussels conference will ratify this agreement, for by so doing they will eventually raise the price of raw sugar in the world's markets from 0.6 of a cent to 1 cent per pound. If there were no surtax at all—in other words, no tax on consumption above the frontier tax—a cartel bounty would be impossible unless every sugar-producing country agreed to it; and this event is not likely.

I do not believe it is for the permanent benefit of any nation to have any staple article furnished it by any other nation at less than its cost price. While it is true that the cartel has cheapened the price of sugar the world over, and especially to the English consumer, it is also true that its existence has brought to the verge of ruin one of the greatest agricultural and manufacturing industries of the world. The total sum of distress thus produced is far greater in my opinion than the blessings which the lower price of sugar have made possible.

Since England is the greatest consumer of bounty-fed sugar among the nations of the earth and the United States the second, with the possible exception of Canada, which must be considered a part of Great Britain, it is evident that if these two countries should join in coun-

tervailing not only official, but cartel bounties, instant prosperity would at once come to the sugar growers of the whole world. At the present time the United States countervails against all official bounties paid on exported sugars, but does not countervail against cartel bounties. England does not countervail against bounties of any description, except in its Indian government, which countervails against both official and cartel bounties. It must not be forgotten, however, that it was the express determination of England to countervail both against official and cartel bounties which forced the representatives assembled at Brussels to agree to the abolition of all official bounties on September 1, 1903.

It will be interesting to compare the wholesale prices of granulated sugar in New York on June 1, or near that date, 1900, and the same date in 1902, with the prices of raw sugar f. o. b. at Hamburg on the same dates as given above. The price of refined sugar in New York on June 5, 1902, was 4.65 cents per pound. On June 7, 1900, the price of refined sugar was 5.60 cents per pound. This shows a fall of 0.95 cent per pound, or almost exactly 17 per cent.

We have seen above that the reduction in the price of raw sugar at Hamburg during the same period was 42 per cent. These two figures show a marked discrepancy in the rates of reduction, which in order to preserve an equitable sharing of the advantages in the fall of sugar, especially to the consumer, should be more nearly equal. It must be borne in mind in this connection that our duties on imported sugar remain the same in June, 1902, that they were in June, 1900. Likewise the countervailing duties in force against foreign sugars to cover the official bounty on export are the same for the two dates mentioned.

It is evident that although a very small part of the sugar entering this country comes from Hamburg, the prices which there prevail fix the prices the world over. Were it not so, buyers would secure stocks only from Hamburg until the prices there would rise as high as those in other markets. In other words, it is evident that, after allowing for freights and duties, the world-price of sugar always falls to the minimum price in any great sugar-producing country. This is a just law of trade, of which no one can complain, provided the lowest price mentioned above is the result of legitimate agricultural and commercial causes and not due to bounties, direct and indirect, on production and export.

Instead of comparing the prices of refined sugar on the two dates mentioned with the prices of raw sugar in Hamburg at the same times, we may also compare them with the prices of 96° centrifugals in New York on the same dates. The price of 96° centrifugals on June 7, 1900, in New York, including all freights and duties, was 4.625 cents a pound, and the same grade of sugar on June 5, 1902, was quoted in New York at 3.438 cents per pound, a difference of 1.187 cents per pound. The total reduction in the price of 96° centrifugals in the two years was 25.6 per cent. In the case of 89° sugar the figures at New York on the dates mentioned are as follows: Price on June 7, 1900, 4.125 cents per pound; price on June 5, 1902, 2.875 cents per pound. This is a reduction of 1.25 cents per pound in the two years, or almost exactly 30 per cent.

These figures show us the following remarkable condition of affairs, namely, that while in two years the price of raw beet sugar in Hamburg has fallen 42 per cent, of raw cane sugar in New York, 30 per

cent, and 96° centrifugals in New York 25.6 per cent, the price of granulated sugar in New York in the same time has fallen only 17 per cent. It can not be justly claimed that the technique of the refining process has deteriorated in that time nor the cost of refining increased, and hence it is evident that a depression in the price of raw sugar does not benefit the consumer alone.

Those are just a few notes I put down in regard to the cartel and its effect upon prices in this country.

Senator TELLER. I would like to have you put in here just what the Indian government has done.

Mr. WILEY. The Indian government has agreed to countervail against all countries where there is a surtax to the extent exactly of one-half of the surtax. If the tax on consumption is 2 cents a pound greater than the tariff duty, the Indian government levies a countervailing duty of 1 cent a pound on that sugar.

Senator TELLER. What will that make it on German sugar?

Mr. WILEY. That would make it about 1.15 cents a pound more than the duty now.

Senator TELLER. That would be the countervailing duty?

Mr. WILEY. The countervailing duty right now, you know, is fixed by law according to the grade of the sugar. It is given in this paper I have read. I suggested a countervailing duty to the Ways and Means Committee of four-tenths of a cent a pound, 40 cents a hundred pounds, as about right. If we countervail for the full half of the surtax it would be about \$1.15 a hundred pounds for the cartel; but it seems to me that where we can ascertain the exact amount of the cartel bounty we ought to countervail to the full amount of it, and if that should be done, even until it is abolished, it would give an additional price of about 1 cent a pound to sugar all over the world at the present time. In other words, what I want to bring before this committee is that the depression in the agricultural interests engaged in sugar production to-day is genuine. There is no doubt at all in my mind that the whole sugar-producing world is suffering. The idea that there is suffering among the producers of sugar is not a false idea, because the prices have fallen below the actual cost of production, and that fall has been due solely to the artificial lowering of the price by these trusts controlling the production of raw and refined sugar.

Senator TELLER. In that way it is in the power of some great sugar-producing country, if they will make their bounty big enough, to run all the rest of the world out of it?

Mr. WILEY. As long as they are willing to pay for it; but they have to pay the price. Somebody has to pay the price of producing sugar.

Senator TELLER. The consumer in Austria and Germany pays for it?

Mr. WILEY. The consumer pays for it, and the English consumer and our consumer benefit by it to that extent. The price of refined sugar has fallen, as you see, 17 per cent, as the result of the cartel, and all of our consumers get that benefit, and Germany and Austria and Russia are paying the price.

Senator TELLER. But while the refined sugar has fallen 17 per cent, you say the raw sugar has fallen 25 per cent?

Mr. WILEY. Thirty per cent for 89-degree cane sugar, and 25.6 per cent for 96 centrifugals, which is the highest grade of raw cane sugar imported.

Senator TELLER. Of which grade is the greatest quantity of sugar imported—the high or the low?

Mr. WILEY. The high grades.

The CHAIRMAN. What we call 96 test?

Mr. WILEY. Yes.

Senator TELLER. Doctor, is there anything further you want to say about this matter?

Mr. WILEY. There is nothing further, except this——

Senator TELLER. I would like you to state expressly, then, what additional countervailing duty you think we should put on sugar from Germany and Austria-Hungary, where this cartel system is in vogue.

The CHAIRMAN. Forty cents a hundred pounds, he said.

Mr. WILEY. That was my testimony before the Ways and Means Committee.

Senator TELLER. To make it a real countervailing duty, it should be 55 cents.

Mr. WILEY. That is, if we follow the Indian custom, we would put on half of the present surtax, which would be about \$1.15 per 100 pounds. That would restore the normal price of sugar.

The CHAIRMAN. The Indian government has a surtax, and we have none.

Mr. WILEY. We have no surtax on consumption at all, but that amount of countervailing duty, you see, would be a relief which would go directly to every producer of raw sugar. It would go right into his pocket. It could not go anywhere else.

Senator TELLER. We curtail now against the direct bounty that the government pays.

Mr. WILEY. Yes; about 28 cents on each hundred pounds of raw sugar. It is 28 for low grade and 37 for refined. It is different according to its polarization.

The CHAIRMAN. It is 30 on what would correspond to 96 test.

Mr. WILEY. On raw sugars of 98 degrees polarization,  $2\frac{1}{2}$  marks per hundred kilograms.

Senator TELLER. State it in our money.

Mr. WILEY. A mark is 24 cents. One hundred kilograms are 220 pounds. It would be 28 cents in round numbers. For the pure sugar—that is, what we call refined sugar—it is 3.55 marks per hundred kilograms, or 39 cents per hundred pounds.

Senator TELLER. Suppose we countervail against all the duty that is paid directly by the Government and indirectly through the cartel, what would we countervail, what amount?

Mr. WILEY. We would countervail 1.15 plus 28 against Germany for raw sugar, which would be 1.43 cents a pound. That is the total benefit of the bounty of both kinds.

Senator TELLER. What would be the effect of that?

Mr. WILEY. The effect would be to raise the price of raw sugar in the whole world, if made general, just about 1.1 cents a pound. It would raise the price of Cuban sugar, as well as Hawaiian sugar and Louisiana sugar, to that extent, about 1 cent a pound.

Senator TELLER. It would bring back sugar then to a paying basis?

Mr. WILEY. To a normal paying basis.

Senator TELLER. Where it has been heretofore?



Mr. WILEY. Where it was before the cartel was inaugurated. The price of raw sugar has fallen over one cent a pound since the cartel went into effect. It would restore it to that point.

Senator TELLER. What would be the effect of our countervailing to that extent on the proposition to abandon bounties in Europe?

Mr. WILEY. It would result that at the time they adopt the Brussels conference that countervailing duty would fall, because it would no longer exist.

Senator TELLER. I mean would it not have a tendency to assure that that result will take place? Would they not be more apt to adhere to their proposition? Some people, you know, say they are not going to do it; that they are going to back out from it. Would they not be more apt to do it if we countervail for the whole amount?

Mr. WILEY. They certainly would, because they would find no one is getting any benefit from it.

Senator TELLER. If we countervail against all the countries that are given, they will abandon the bounties, beyond question?

Mr. WILEY. Beyond question.

Senator TELLER. Is not that the surest way for us to destroy the bounty system?

Mr. WILEY. I think it is an absolutely sure way. That is my testimony all the way through before the House committee and everywhere else. Five years ago I advocated the same system that we are just now entering upon as a safeguard to our sugar industry. I predicted in the Forum five years ago that if we did not do that the sugar industries of this country and of the world would be destroyed.

Senator TELLER. Did you foresee that there must be a fall in the price of sugar?

Mr. WILEY. I not only foresaw it, but I called attention to the magnitude of it in an article in the Forum five years ago. Of course there was no cartel then. I only called attention to the official bounties, which afterwards we did countervail against, and the condition which then existed was entirely remedied by the action of Congress.

Senator TELLER. When we countervailed against the actual official legal bounties, they immediately devised this other system of cartel bounties, did they not?

Mr. WILEY. That was the result of our countervailing against the old system. The cartel would never have existed, probably, if this country had not countervailed against the official bounties, because those official bounties were sufficient to stimulate the industry in Germany to the extent which was desired.

Senator TELLER. Has there been any enormous profit in the production of sugar in the United States, either in bounty or cane, in the past? Has there been more than a legitimate profit?

Mr. WILEY. I know nothing of that except the official figures of the census, which I put in full in the paper before the Ways and Means Committee.

Senator TELLER. The reason I ask you about that is that one of the witnesses before the House committee spoke of the enormous profits that the sugar people had made in the United States.

The CHAIRMAN. Producers?

Senator TELLER. The producer of sugar; not the refiner, but the producer.

Mr. WILEY. I would be glad, as a friend of American agriculture, if that is so, but I fear it is not.



Senator TELLER. It was not so, of course. Everybody knew that who knew anything about it.

Mr. WILEY. I know that in Louisiana, especially, they are in great straits.

Senator TELLER. That was Mr. Thurber who made that statement.

Mr. WILEY. I think great profits have been made in sugar, but not by the growers.

Senator TELLER. It has been made by the refiners, has it not?

Mr. WILEY. Well, not by the consumers nor the growers.

The CHAIRMAN. Dr. Wiley, you are so much of an expert and so technical in your testimony that I do not believe I can follow your technicalities; but I want to ask this question: If I understand your paper, you attribute the fall in the price of sugar since the organization of the cartel solely to that source?

Mr. WILEY. That is my contention, as indicated in the figures which I have given.

The CHAIRMAN. You take no account whatever of the supply of and demand for raw sugar in the world.

Mr. WILEY. On the contrary, I think the cartel has done its work by increasing production. I think that has been one of the chief ways in which it has depressed the price. That is, the depression in the price has been largely due to the overproduction, due to the artificial stimulus which the cartel gave the industry in Europe.

The CHAIRMAN. That is what I thought.

Mr. WILEY. I did not enter into how the cartel had secured this reduction. I only said it had secured it, and that is one of the principal ways in which it has secured it.

The CHAIRMAN. Then if the cartel should be abolished to-day, or we should countervail against it, the price of sugar would not immediately go back to where it was before the cartel was organized, would it?

Mr. WILEY. Of course, you must take into consideration the stocks on hand. They would, of course, remain in abundance and control the market for a limited time. When I say instantly restore the price, I mean the conditions which had operated to reduce the price would be stopped. The price did not fall per saltum, nor will it go up per saltum. It began to fall when those conditions were instituted. It will begin to go up when those conditions are abolished.

The CHAIRMAN. So far as you understand, what is the surplus sugar on hand in the world to-day?

Mr. WILEY. The statisticians go all the way from two to three million tons of surplus, probably more. I have not looked at the figures lately.

The CHAIRMAN. And what is the world's consumption?

Mr. WILEY. The world's consumption is about ten million tons. I mean by surplus that in excess of the normal consumption. Understand, there are always normal stocks, but the excess of production now has increased the normal stocks up to perhaps three million tons.

Senator TELLER. I have not seen any estimates as high as three millions.

Mr. WILEY. Of surplus stocks?

Senator TELLER. No.

Mr. WILEY. It seems to me I saw it yesterday.

Senator TELLER. I think in looking over the House evidence I saw it was from a million to a million and a half tons.

The CHAIRMAN. That was the increased production last year, as I understood it.

Senator TELLER. That was about the production last year, but there was really no complaint of overproduction until this year. There might have been some overproduction, but it did not seem to make much impression, because the price of sugar held up last year fairly well.

Mr. WILEY. I only give that from memory, Senator. Here it is right here: "Total stocks in the principal countries of the world, June 5, 1902, 3,079,156" (quoting from Willets & Gray's Statistical Journal).

The CHAIRMAN. Is that the surplus?

Mr. WILEY. That is the total stocks. This is the latest news, June 5, 1902. The total surplus to-day is estimated at 3,019,156 tons, and there is an increase over this same date of last year of 957,516 tons; so I was a little wide in my memory. I remembered the total stock. I knew that it was about 3,000,000. I had seen it lately.

Senator TELLER. I would like to ask a question here that I forgot. What would be the effect on the price of sugar in Germany, Austria, and Hungary if the cartel were destroyed?

Mr. WILEY. The price of sugar to the consumer would be greatly decreased, because they at the same time decrease their surtax. Germany and all countries signatory at Brussels agree to put on not over 6 francs surtax per hundred kilograms.

Senator TELLER. That would reduce their price how much?

Mr. WILEY. It is over 24 francs now—20 marks.

Senator TELLER. It would reduce it from 20 to 6?

Mr. WILEY. From 24 to 6; about two-thirds.

Senator TELLER. Seventy-five per cent.

Mr. WILEY. Yes; about 75 per cent; which would make sugar very much cheaper to the consumer, and of course would increase its consumption.

Senator TELLER. That is what I wanted to get at.

The CHAIRMAN. When is this cartel to cease?

Mr. WILEY. The 1st of September, 1903, according to the Brussels conference.

The CHAIRMAN. Do you know whether the sowings have been reduced; and if so, to what extent?

Mr. WILEY. I will just read you right here——

Senator TELLER. What do you read from?

Mr. WILEY. The International Sugar Journal for June. Belgium has reduced her sowings 24 per cent, Holland 35 per cent.

The CHAIRMAN. Any other countries?

Mr. WILEY. That is all that are mentioned right here. They all have reduced, but I do not happen to have the figures right here.

The CHAIRMAN. I have seen the statement within a few days that the sowings in Germany, Austria, and Hungary together have been reduced 17 per cent.

Mr. WILEY. I do not doubt but what that is true. Those countries have reduced their sowings to the extent of the figures given, which of course means a much shorter crop next year.

The CHAIRMAN. You say there is a wail from all sugar-producing countries that they are in distress, and you mention Hawaii and Porto

Rico. Do you think sugar production is not profitable in those two countries?

Mr. WILEY. I have seen some very complaining notices from Hawaii lately in regard to the reduction in the price of sugar.

The CHAIRMAN. Their sugar pays no duty here.

Mr. WILEY. I know; it is the same as if produced in this country, you know.

The CHAIRMAN. And Porto Rico pays no duty here.

Mr. WILEY. Louisiana sugar pays no duty, and yet they are in distress. Of course, the conditions in Hawaii are much more favorable to production. In fact, it is the finest sugar-producing country in the world.

The CHAIRMAN. If Hawaii can not profitably produce sugar at the present price, when it has a free market, no country can profitably produce it.

Mr. WILEY. I think Hawaii could produce sugar with a free market, but no country has a free market to-day for sugar. Every sugar-producing country has an illegitimate competition of over a cent a pound in this sugar, which is not free.

The CHAIRMAN. Hawaii has a free market in the United States.

Mr. WILEY. It has a free market in the United States, but it competes against an illegitimate price of world sugar production by a bounty, over which Hawaii has no control.

The CHAIRMAN. That is what I was alluding to.

Mr. WILEY. In other words, Senator, the same effect is produced in Hawaii as if this country had levied a duty of 1.12 cent a pound upon Hawaiian sugar.

The CHAIRMAN. That is to say, if your cartel has reduced it that amount.

Mr. WILEY. If my figures are correct. Of course, they are subject to revision.

The CHAIRMAN. If your figures and reasoning are correct.

Mr. WILEY. Yes; I will admit that, too. I will admit the correction. That is what I mean when I say no country has a free market.

The CHAIRMAN. The truth about it is that with a low price of sugar the world will produce less sugar, is it not?

Mr. WILEY. No; I think a low legitimate price of sugar will make a greater sugar production, and that is because it will increase consumption. The cost of producing sugar has rapidly diminished and is still diminishing very slowly, because of improved agriculture and improved manufacture, and we will all welcome low prices of sugar produced by those causes. They benefit the grower, the consumer, and the refiner, because they make a greater volume of business.

The CHAIRMAN. You think the beet-sugar people are having a pretty hard time?

Mr. WILEY. I think they are suffering with the rest of the world against this unjust depression.

The CHAIRMAN. Some of them are paying dividends, are they not?

Mr. WILEY. I do not know. I do not own any stock.

The CHAIRMAN. Have you not noticed that the American Beet Sugar Company has just declared a dividend at the rate of 6 per cent?

Mr. WILEY. I do not know that I noticed that particular one.

Senator TELLER. What is that, Mr. Chairman?

The CHAIRMAN. The Oxnard trust.

Senator TELLER. Which factory?

The CHAIRMAN. The several factories that are in the trust.

Mr. WILEY. Six per cent is a very low dividend for a manufacturing establishment, because the least little irregularity would wipe it out.

The CHAIRMAN. Do you not know that some of these beet-sugar factories have paid as high, within the past year, as 20 per cent dividends?

Mr. WILEY. I have seen it so stated. I do not know it of my own knowledge.

Senator TELLER. I am willing to bring them every one in here, and not one of them would say so.

The CHAIRMAN. You have seen that so stated?

Mr. WILEY. I would be glad if it were true.

The CHAIRMAN. Your idea, then, is that the cartel has depressed the price of sugar by stimulating the production?

Mr. WILEY. And by direct grant, both. In both ways. The cartel pays a direct sum to the man who exports sugar, in addition to the price he gets in a foreign country. That is one way it works. Another way of depressing the price of sugar is by increasing the production—stimulating it.

The CHAIRMAN. Where has that increase taken place?

Mr. WILEY. Mostly in Germany and Austria, especially in Germany, where the increase has been very rapid since the introduction of the cartel. Germany now alone makes almost enough sugar to supply the whole United States.

The CHAIRMAN. The cartel there has not increased the price to the producer, so as to make it profitable to him, has it?

Mr. WILEY. No. The producer, in spite of the benefits which he gets from the trust, is selling at a less price by far than he did before the cartel went into action.

The CHAIRMAN. Can you account for the fact, then, that while the operation of the cartel has been to make sugar growing less profitable in Germany, it has at the same time largely stimulated its production?

Mr. WILEY. It has made it less profitable largely by stimulating its production, and thus flooding the markets of the world and depressing the price by overproduction.

The CHAIRMAN. Why should a sugar grower in Germany, if he finds out that his business is less profitable, increase his business from year to year?

Mr. WILEY. I think he does the contrary, according to the statement you have just made. They are going to reduce their sowing 17 per cent.

The CHAIRMAN. But you say they have been increasing very rapidly?

Mr. WILEY. The supposition by the grower was that by getting this additional bounty, and presumably the same price for sugar, he would make more money. Therefore he has sowed a larger area; but everybody else did the same thing, and it was not until he had produced the overplus that he found his markets were falling on his hands.

The CHAIRMAN. You think that sowing a larger area, raising more, was entirely due to the hope that he was going to get an advanced price for his sugar by reason of the cartel?

Mr. WILEY. That is, that he would get the same price that he got in the world's markets before, plus what the cartel promised him as his share of the profits of this trust.

The CHAIRMAN. I think you testified before the House committee that if the beet-sugar producers were let alone they could and would produce in the United States all the sugar we wanted. If you have not so testified, some one else has.

Mr. WILEY. That has been my opinion, Senator, after many years devoted to this agricultural part of the problem—that this country is capable of producing all of its sugar from beets, if necessary.

The CHAIRMAN. They produce now about how many tons?

Mr. WILEY. About 200,000 tons.

The CHAIRMAN. What is our consumption?

Mr. WILEY. About 2,400,000 tons of raw sugar.

The CHAIRMAN. That would be a pretty big increase in the first production, would it not?

Mr. WILEY. It certainly would.

The CHAIRMAN. Do you not think the stimulation of the beet-sugar industry in that way might have the same effect that the stimulation of the German producing sugar by the cartel has had, to still reduce the price of sugar?

Mr. WILEY. If we could produce sugar more profitably than the Germans, they would have to stop, to a certain extent.

The CHAIRMAN. Do you think we can produce sugar more profitably than the Germans can?

Mr. WILEY. I do not think we can without a tariff duty. I am standing for the tariff duty on sugar always. The German sugar industry is alone due to protection. There never would have been any without protection. It is an example of a great industry which has been the joint work of science in agriculture and manufacture and what I consider a wise political policy; but the introduction of the bounty and the cartel I consider an unwise policy. I do not think that is wise at any time. When the question of a bounty to American sugar was before the Ways and Means Committee of the House, I made as strong an argument as I could against it. I do not believe in that principle.

Senator TELLER. In the bounty?

Mr. WILEY. Yes; in the bounty given to our home producers.

The CHAIRMAN. Is it fair to attempt to account for the increased production of the world's sugar simply by the effect which this cartel has had upon it?

Mr. WILEY. I would be very glad to have any other explanation of it. That is the one that I find. If there is another I will be the first to adopt it if convinced that it is the real reason. I have not heard any other suggested.

The CHAIRMAN. All agricultural products vary, do they not, in the amount of production?

Mr. WILEY. From year to year?

The CHAIRMAN. From year to year.

Mr. WILEY. Oh, yes; undoubtedly, from seasonal influences.

The CHAIRMAN. Well, the amount of planting and all that sort of thing varies, does it not?

Mr. WILEY. Very much.

The CHAIRMAN. And you can not assign any particular reason for this, can you?

Mr. WILEY. Usually it is because of seasonal variations and climatic variations, but the fact of the case is that the climates in Europe have



been no more favorable in the last two years than before. On the contrary, one of the two seasons was rather unfavorable.

The CHAIRMAN. There are some people who think—and we hear a good deal of testimony to that effect—that the Cuban production can be increased from 700,000 or 800,000 tons to twice that amount.

Mr. WILEY. I do not doubt that at all, Senator. I think that is very possible.

The CHAIRMAN. And opportunities for business in any line of production have a great deal to do, do they not, with whether there is a large amount produced or a smaller amount? Can you expect that Cuba and the beet-sugar industry, and the cane sugar of Louisiana and Hawaii and Porto Rico, not to mention other localities in which it is produced, will go on increasing and yet find it profitable?

Mr. WILEY. I believe so, Senator, because consumption goes on increasing, and legitimate low prices, which will come with improved agriculture and improved manufacture, will also add to the consumption; not only the increased number of inhabitants, but each inhabitant will use more sugar, the cheaper you can make it.

The CHAIRMAN. But if they can not produce it now at a profit with our present consumption, they will not be likely to increase the production, will they, to meet the increased consumption?

Mr. WILEY. I take this ground in regard to these matters: I believe in the doctrine of protection to home industry. I believe that we should first look after our own; but if by chance, in looking after our own, we find that an industry can not prosper even with that, then I would not be in favor of continuing such protection. I believe, though, in giving every industry a chance. I would prefer to have this country produce its own sugar, and what it does not produce I would like to have it get from our adjacent islands. I would like to see Cuba and other adjacent islands furnish us all we do not produce.

The CHAIRMAN. If beets get to the point of producing all the sugar we can consume, we shall not buy any Cuban sugar, shall we?

Mr. WILEY. Senator, you understand what I mean by saying we could make 2,000,000 tons of beet sugar in the course of time; and by that time we probably will be using 4,000,000 tons of sugar. I did not mean to say that the beets would make all the sugar we will consume at that time. I meant to state we will make from beets what we consume now, but at the end of the fifteen or twenty years, which will be necessary to produce that, we will be consuming 4,000,000 tons of sugar, and we will need 2,000,000 tons from outside.

The CHAIRMAN. You think the limit of beet-sugar production in this country is 2,000,000 tons?

Mr. WILEY. Not at all. I only meant to say that we could by a judicious cultivation of our beets and by a promotion of that industry produce the 2,000,000 tons, but we may be able to produce a great deal more. I do not know about that. It is very possible; but 2,000,000 tons is a big crop.

The CHAIRMAN. Do you not think that when you get to looking at one particular thing all the time you may possibly not see other things?

Mr. WILEY. I think that is very true, Senator.

Senator TELLER. Doctor, you made some calculation as to the amount of sugar we would use in ten years and twenty years.

Mr. WILEY. Yes; I think that is a just calculation, Senator. It is on the doctrine of probabilities, and is based on the increase hereto-



fore for a long period of years. Assuming that our country will continue to grow, I think those figures will be found nearly correct. I think you will find that at the time I specify there the amount of sugar will be very close to those figures.\*

Senator TELLER. You believe we have as many advantages for raising beet sugar as Germany, do you not?

Mr. WILEY. Yes, sir.

Senator TELLER. Have we not more?

Mr. WILEY. We have cheaper fuel and cheaper transportation, and we have more skillful labor.

Senator TELLER. And can we not produce a higher grade beet than they have in Germany?

Mr. WILEY. Well, we have not done so, but we may be able to. We have instances on record of beets of very high polarization.

The CHAIRMAN. I will insert here letter from Mr. Thurber, inclosing matter circulated by the United States Export Association in favor of reciprocity with Cuba.

---

UNITED STATES EXPORT ASSOCIATION,  
*New York, June 12, 1902.*

Hon. O. H. PLATT,

*Committee on Cuban Affairs, Senate, Washington, D. C.*

DEAR SIR: Inclosed please find some additional specimens of the literature sent out by our association in re tariff on Cuban products. There were some others of similar tenor which we did not have any left of, or I would be glad to send them to you.

Yours, very truly,

UNITED STATES EXPORT ASSOCIATION.  
F. B. THURBER, *President.*

---

#### STRAWS.

“This is the time for the beet-sugar men to make their choice,” is the warning of the Chicago Tribune (Republican). “If they do not concede a little now, they will have to concede everything later on.”

“If Speaker Henderson patronizes a newspaper-clipping bureau,” remarks the Indianapolis Journal, “he has probably discovered before now that the press of the country has indignantly repelled his groundless imputation about it being manipulated in the interest of free trade with Cuba.”

“The present call to ‘do something for Cuba’ is different from the silver agitation,” insists the Minneapolis Journal (Republican). “There is no wild speculation, no national dishonor involved, as in the case of silver. The nation is as much bound to put Cuba on her feet as when its signature is attached to bonds issued to pay national obligations.”

“A 50 per cent concession is the least that we should have the heart

---

\* See p. 481 of hearings before the Ways and Means Committee on Cuban reciprocity.

and conscience to offer Cuba," thinks the Boston Evening Transcript (Republican). "We could well afford to make it more, and we should find our reward in so doing not only in greater national self-approval, but in dollars and cents, which seem to be as high a test of the proper policy to pursue as the Ways and Means Committee is capable of rising to."

The Republican party has got to choose between the danger of losing Republican districts in the beet-sugar States and losing a far greater number of districts in the other States if they do not follow the lead of the President and make a liberal treaty of reciprocity with Cuba possible. We have seldom seen such a ground swell of public opinion as exists in favor of liberal treatment for Cuba.

With a reduction of 50 per cent of our duties on Cuban products, our domestic sugar and tobacco interests would still enjoy a degree of protection equal to the average of the Dingley tariff on the dutiable products of other countries, while, with an equal concession from Cuba in her duties on our products going into Cuba, it would give us that market, while 20 per cent would not. Are not our producers of cereals, provisions, and manufactures as much entitled to consideration as our sugar and tobacco interests?—American Grocer.

---

UNITED STATES EXPORT ASSOCIATION,  
New York, March 31, 1902.

The EDITOR.

SIR: The *press* of both parties has created a ground swell of public opinion supporting President Roosevelt in his message to Congress saying that "every consideration of honor and expediency demand that Congress should make a *substantial* reduction in our duties on Cuban products," which are an average of 100 per cent as against an average of 50 per cent on dutiable products of all other countries.

The Republican majority in the House of Representatives, after delaying for months, have answered the public demand (at the behest of the beet-sugar lobby) by a petty concession of 20 per cent, when the best judges, such as Governor-General Wood and President-elect Palma, think it should be 50 per cent to make Cuba prosperous and 33½ to enable her to live. A reduction of 50 per cent would still leave our domestic sugar and tobacco interests a protection of 50 per cent, which is equal to the average enjoyed by all other interests, and we could ask a corresponding reduction in the Cuban tariff on our products which would turn all her trade our way, while 20 per cent would not, and 33½ per cent only partially. (Query. Why should our tariff on Cuban products be higher than the average on those of other countries?)

If you think this reasonable, won't you advocate a reduction of 50 per cent in your paper and send *marked copies* to the two United States Senators from your State and to the Congressman from your district, and also a copy to

Yours, sincerely,

UNITED STATES EXPORT ASSOCIATION,  
90 West Broadway, New York.

P. S.—The inclosures are worth reading and reproducing.

DEAR SIR: We would ask your consideration of the inclosed copy of a letter written by the president of this association to Hon. Sereno E. Payne, chairman of the Committee on Ways and Means of the House of Representatives, and if you agree with the view therein expressed will you write a letter to the two Senators from your State, and to the member of Congress from your district, saying that you think we should reduce our duties on Cuban products at least 50 per cent?

Respectfully, yours,

UNITED STATES EXPORT ASSOCIATION.  
HYLTON SWAN, *Secretary*.

---

UNITED STATES EXPORT ASSOCIATION,  
*New York, January 28, 1902.*

Hon. SERENO E. PAYNE,  
*Washington, D. C.*

DEAR SIR: I notice that Col. Tasker H. Bliss, in his testimony before your committee, expressed the opinion that a reduction of 33½ per cent in our duties on Cuban products, with a corresponding percentage of reduction in the Cuban tariff on our products, would give the United States the larger part of the Cuban trade. As president of the United States Export Association, whose object is to widen the market for American products, I have during the past few months made a careful study of this question, and I believe that nothing less than 50 per cent will be adequate to fully accomplish this purpose. We want not only their trade for our cereals, provisions, and sugar machinery, but for the rice, wine, shoes, textiles, and a long list of sundry manufactured articles which she has been getting from other countries, and it requires a very considerable inducement to divert this trade. Fashion, habit, acquaintance, and long credits which European merchants offer, as compared with our cash or shorter credit system, are considerations which can not be overlooked.

At present our tariff on Cuban products averages about 100 per cent, while the average on all other dutiable products imported from other countries is only about 50 per cent. Cuba's present tariff on imports will average between 25 and 30 per cent under the tariff fixed by our War Department. It will be necessary for Cuba, in order to raise revenue necessary for her Government and make a reciprocal reduction to us, to raise her tariff to an average of perhaps 50 per cent. She could then make us a reduction of one-half in her tariff and still have sufficient revenue to support her Government. If we make a reduction of one-half in our duties on her products, we would still be charging her as much as the average charge on the dutiable products of all other countries, or, say, 50 per cent, while she would be charging us on our products going into Cuba about the same as at present, or, say, an average of 25 per cent. I think this would turn nearly all her trade our way and she would soon become one of our very best customers, for her purchasing power would rapidly increase.

Our domestic sugar and tobacco interests protest that they can not stand such competition, but I believe they can, except perhaps in localities unsuited to the production of these articles; but the interests of other American producers, many times more numerous, whose products would find an increased market in Cuba, are as much entitled to

consideration as our domestic sugar and tobacco interests, to say nothing of the American consumer who would ultimately get in the shape of lower prices for Cuban products some share of the benefit. I think, viewed from all sides, the greatest good to the greatest number would unquestionably be served by a reduction of at least 50 per cent in our tariff on Cuban products, and that any reduction less than 50 per cent will not give United States exporters control of the Cuban market.

Respectfully, yours,

F. B. THURBER,  
*President United States Export Association.*

What effect the abolition of bounties will have upon the world's price of sugar it is too soon to say. We observe that Mr. Oxnard jumps at once to the conclusion that the price will be restored to its 1899 level, and that, therefore, it is not necessary to reduce the tariff on Cuban sugar. He is said to have rushed to the White House on Saturday to lay this important truth before the President. But to this there are three things to say: (1) The abolition of bounties will not take place, if at all, till next year, and it is this year that starving Cuba is appealing for relief; (2) in any case, the German surplus overhanging the market is too great to admit of any speedy rise in price; and (3) if the price does go back to that of 1899, it will be at just the figure which led Mr. Oxnard to assert that American beet-sugar manufacturers could make money even if there were free trade with Cuba. We would therefore advise him to say nothing whatever about the abolition of sugar bounties. It will not give to the Cubans that relief for which they look to us alone, and which it is our solemn duty to grant to them.—New York Evening Post.

UNITED STATES EXPORT ASSOCIATION,  
*New York.*

DEAR SIR: Thoughtful men appreciate thoughtful papers, and we ask your consideration of the inclosure.

Faithfully, yours,

UNITED STATES EXPORT ASSOCIATION.  
F. B. THURBER, *President.*

#### REPORTS OF STANDING COMMITTEES.

Mr. Gustav H. Schwab, chairman of the committee on foreign commerce and the revenue laws, to which was referred at the last meeting of the chamber the resolution urging a reduction of 50 per cent of the duty on imports into the United States from the island of Cuba, submitted the following report on the subject:

*To the Chamber of Commerce:*

Your committee on foreign commerce and the revenue laws have considered the resolution urging upon Congress a reduction of 50 per

cent in our present tariff upon Cuban products referred to them at the last meeting of the chamber and beg leave to report as follows:

On the 6th of February last the chamber adopted a memorial addressed to the Senate and House of Representatives setting forth the conditions then existing upon the island of Cuba and urging a substantial reduction of the tariff duties upon Cuban sugar and tobacco to be followed by reciprocal tariff arrangements with the island upon the establishment of an independent Cuban government. More than two months have elapsed since the adoption of this memorial and no relief has been granted by Congress to the island, for the economic welfare of which the people of this country are morally responsible to the world, but a measure offering Cuba a meager reduction of 20 per cent in tariff duties is now submitted for discussion in the House of Representatives. Your committee consider this reduction entirely inadequate and insufficient. Your committee urge not only that a reduction of 50 per cent is the least that is compatible with the obligations assumed by this country toward Cuba and that self-interest would dictate, but that such a reduction should be cheerfully and quickly given to prevent impending disaster.

Your committee therefore submit the following preamble and resolution:

Whereas this chamber, on the 6th of February last, addressed a memorial to the honorable the Senate and House of Representatives respectfully urging a substantial reduction of the tariff duties upon Cuban sugar and tobacco, as called for by every consideration of honorable dealing; and

Whereas this chamber considers the reduction of 20 per cent now under discussion in the House of Representatives entirely insufficient, and the delay in adopting some prompt and effective form of economic relief for Cuba discouraging to the people of that island: Now, therefore, be it

*Resolved*, That this chamber urges upon the honorable Senate and House of Representatives that a reduction of not less than 50 per cent upon the tariff rates of duty on sugar and tobacco should be conceded by this country to Cuba, and that such relief should be granted promptly; and be it further

*Resolved*, That a copy of this preamble and resolution be forwarded to each member of the Senate and House of Representatives.

All of which is respectfully submitted.

GUSTAV H. SCHWAB,  
JACQUES HUBER,  
ISIDOR STRAUS,  
SILAS D. WEBB,

*Committee on Foreign Commerce and the Revenue Laws.*

NEW YORK, April 8, 1902.

---

[Papers worth reading. Printed by the United States Export Association, 90 West Broadway, New York.]

#### THE LATEST ABOUT RECIPROCITY WITH CUBA.

GENERAL WOOD ON RECIPROCITY—INTERESTS OF THE TWO COUNTRIES INVOLVED,  
HE SAYS.

WASHINGTON, March 27.

Governor-General Wood said, before leaving Washington for Cuba Wednesday:

As regards reciprocity with Cuba, it naturally is divided into two interests—that of Cuba and that of the United States. The 20 per cent proposed reduction in our



duties on Cuban products is not sufficient to insure the prosperity of Cuba, and a corresponding reduction in Cuban duties on our products would not be sufficient to give us that market. The interest of American producers of cereals, provisions, textiles, boots and shoes, steel rails, locomotives, and machinery, to say nothing of rice and many other products consumed in Cuba, seem thus far to have been overlooked, and only our producers of sugar and tobacco have been considered.

Furthermore, it has not been established that these interests would be seriously injured by a substantial reduction of our duties on these staples. It has also been overlooked, apparently, that our duties on Cuban products average about 100 per cent, as against only 50 per cent average on the dutiable products of other countries, and even if we should reduce our duties on Cuban products 50 per cent, they would still be paying as high a percentage as the average of the Dingley tariff.

We can hardly ask from Cuba a larger percentage of reduction in her duties on our products than we give her in our duties on her products; and aside from the considerations of honor and justice toward a little nation that is virtually our ward, the interests of our producers and manufacturers, who, under a proper treaty of reciprocity, would enjoy a large and increasing market, should not be forgotten.

General Wood also said, in an article recently published in *The Outlook*, as follows:

Cuba can not expect free sugar, but she can expect, with all reason and justice, that a liberal reduction will be made on the duties which her sugars pay on entering the United States. She can give dollar for dollar in a reciprocity arrangement, and even if she could not, the Platt amendment, proposed by us and accepted by Cuba, certainly imposes upon us a moral obligation to see to it that Cuba is justly treated by us and enabled to live up to its requirements.

We have, as a people, only partially completed our duty toward the island. We have expelled Spain, it is true. We have cleaned up the island, have laid the foundation for good government; but this work will be largely useless unless we give Cuba the means to continue the work which we have so well begun. Her present condition is not unlike that of a child who has been taken charge of by a society for the prevention of cruelty to children on the ground that its parents were unfit to care for it. All its domestic relations have been severed, and those who have assumed charge are now called upon to provide for the education, protection, and maintenance of the youngster; and until strong enough to support itself, we are morally bound to do it.

---

[From the *American Grocer*.]

#### A MOUSE.

After a great deal of labor on the Cuban reciprocity question, the Republican majority in the House of Representatives has brought forth a 20 per cent mouse limited to an existence of one crop year. They have ignored the fact that the best authorities (including President-elect Palma, of Cuba, and Governor-General Wood) have each said that a 50 per cent reduction in our duties on Cuban products was necessary to the prosperity of Cuba, and that the best authorities on the subject of what reciprocal reduction was necessary on the part of Cuba to enable the United States to command that market have said that from 33 to 50 per cent preferential duty in favor of the United States would be necessary to break the connections between the merchants of Cuba and the manufacturers of Europe and turn the trade our way.

Of course, we can not ask Cuba for a larger percentage of reduction in her tariff on our products than we concede in ours on her products, and unless the Senate remedies this blunder of the House by a material increase in the percentage of reduction fixed by the House, there will be a ground swell of public indignation that will make the next House of Representatives Democratic and give the Democrats a long start toward success in the Presidential election of 1904. The great



producing interests of this country are demanding wider markets. They have been friendly to the policy of protection, but there is reason in all things, and reciprocity is the handmaid of protection. Blaine and McKinley saw this, and President Roosevelt sees it, and the best friends of the doctrine of protection see it; and only intemperate protectionists who, like the Indian with the rum, believe that "a little is good and a good deal is better," fail to recognize the signs of the times.

---

"CUBA'S FIFTH OF A LOAF."

The House Republican caucus has agreed upon a 20 per cent reduction of the Dingley rates upon Cuban products, provided the incoming Cuban Government makes similar concessions to our products and adopts our immigration and Chinese-exclusion laws.

The concession is to end, however, on December 31, 1903. As it will necessarily take some time for Cuba to comply with our conditions, the concession appears to afford the island no relief at present. It will not help the Cuban planters to sell their present crop at living prices. It will possibly give them a chance to come out nearly whole on their next crop, unless general bankruptcy prevents raising one.

The net result of the sugar men's efforts is to force the House Republicans to be content with a concession to Cuba that will probably prove of little direct value. The tariff experts of the Treasury have figured out that a reduction of 27 per cent is necessary to put Cuban sugar on an equality in our markets with the bounty-fed sugar of Europe. Governor Wood, after careful study of the question, declares that nothing less than a 33½ per cent reduction will save Cuba from bankruptcy.

The Republican majority in the House, however, must be credited with having made at least a beginning toward justice to Cuba. It might have done more—it might have given Cuba more than one-fifth of the loaf for one year only. But, at least, it has made a beginning.

It remains for the Senate so to amend the bill which the House will now probably pass as to give Cuba at least a breathing chance while the campaign of education goes on. For the Republican party can not with safety face the country in most Congressional districts next November, nor in any district in 1904, upon a record of broken pledges to our new possessions.—Chicago Inter Ocean (Republican).

The subcommittee thereupon adjourned, subject to notice.

---

SUBCOMMITTEE OF THE  
COMMITTEE ON RELATIONS WITH CUBA,  
UNITED STATES SENATE,  
*Washington, D. C., June 16, 1902.*

The subcommittee met at 2 o'clock p. m.

Present: Senators Orville H. Platt (chairman), Burnham, and Teller.

Messrs. Wallace P. Willett and Alfred F. Gray were duly sworn by the chairman.

**TESTIMONY OF WALLACE P. WILLETT.**

WALLACE P. WILLETT, having been first duly sworn by the chairman, testified as follows:

Senator TELLER. What is your full name, Mr. Willett?

Mr. WILLETT. Wallace P. Willett.

Senator TELLER. What is your business, Mr. Willett?

Mr. WILLETT. We publish a daily and weekly sugar trade paper. We have a wire service in connection with a sugar news bureau distribution, which extends throughout the United States, British Columbia, Canada, Cuba, the West Indies, England, France, Austria, Germany, Holland, Russia—in fact, all sugar-producing countries. We are also sugar brokers in raw and refined sugars, both domestic and foreign.

Senator TELLER. Where is your office?

Mr. WILLETT. 82 Wall street, New York.

Senator TELLER. Do you have an office here?

Mr. WILLETT. No, sir.

Senator TELLER. How long have you been in this business?

Mr. WILLETT. Forty-eight years since I began.

Senator TELLER. Since you began?

Mr. WILLETT. Yes, sir; forty-eight years since I began.

The CHAIRMAN. At sugar brokerage?

Mr. WILLETT. At sugar brokerage; yes, sir. I began making sugar statistics forty-eight years ago, when I was 17 years old.

Senator TELLER. I was going to say you must have been a boy.

Mr. WILLETT. I am 65 now.

Senator TELLER. How long have you been publishing this paper, or journal I suppose you call it?

Mr. WILLETT. The journal at its inception was a paper perhaps 6 inches long and 3 inches wide, containing sugar statistics.

Senator TELLER. At first it was just a little circular?

Mr. WILLETT. At first it was just simply a little circular. It has grown from that to its present size during the course of those forty-eight years. I could not tell exactly the periods.

Senator TELLER. Do you do a regular broker business in sugar?

Mr. WILLETT. Yes, sir.

Senator TELLER. That is, you buy and sell sugar?

Mr. WILLETT. Yes, sir.

Senator TELLER. Where do you buy?

Mr. WILLETT. We buy refined sugars of all the refiners. We buy foreign refined sugars of the foreign refiners.

Senator TELLER. Do you deal in raw and refined, both?

Mr. WILLETT. In both; yes, sir. We deal less in raw sugars than in refined.

Senator TELLER. Are you familiar with the sugar business in Cuba?

Mr. WILLETT. Yes, sir.

Senator TELLER. What has been your means of acquaintance with the sugar business in Cuba? What opportunities have you had, Mr. Willett?

Mr. WILLETT. We have sold Cuban sugars, at times, for Cuban owners, and we have, as I said, a wire service extending to Cuba, through which we keep certain parties in Cuba posted upon all changes in the New York market and the markets of the world, for which, of course, we are paid.

The CHAIRMAN. Do you get from them quotations of the Cuban sugars also?

Mr. WILLETT. We get from them the conditions prevailing in the

island of Cuba relating to crop prospects and estimates of crops and such information, rather than prices. All Cuban prices we are able to get in New York.

The CHAIRMAN. Habana prices?

Mr. WILLETT. Yes, sir.

Senator TELLER. Are Cuban prices governed by New York prices?

Mr. WILLETT. Yes, sir; and New York prices are governed by Hamburg prices, the market of the world.

Senator TELLER. Do you mean to say they are always the same?

Mr. WILLETT. I mean to say they are always the same with slight variations. They never remain different for any length of time. The Hamburg market will control beyond a few days or a week.

Senator TELLER. But there is a difference sometimes between New York prices and Hamburg prices, is there not?

Mr. WILLETT. Yes, sir.

Senator TELLER. What occasions those?

Mr. WILLETT. They are occasioned by such questions as supply and demand. If the receipts in New York are extremely large for a few days or a week, and the refiners are filled with sugar, and an advance at the same time takes place in the Hamburg market, the New York market would not follow it immediately.

Senator TELLER. It would not be as high, you mean?

Mr. WILLETT. It would not be as high immediately as the Hamburg market. On the other hand, if such a thing occurred as a prospect of having a duty in England on sugars, then the Hamburg market would be affected by a demand from England for those sugars, and the Hamburg prices would remain for a while above the New York price.

Senator TELLER. You do not understand there is any prospect at present of England putting a duty upon sugars that go into England, do you?

Mr. WILLETT. They already have a duty on sugars that go into England.

Senator TELLER. Sugars going into England?

Mr. WILLETT. Yes, sir.

Senator TELLER. What is their duty?

Mr. WILLETT. It is about 1 cent a pound.

Senator TELLER. That is their revenue duty, I suppose? They do not put it on to protect the sugar growers of England? They do not make any sugar, do they?

Mr. WILLETT. They make no sugar in England.

The CHAIRMAN. It is an internal duty, is it not?

Mr. WILLETT. It is a duty on imports from foreign countries.

Senator TELLER. I did not know they had any duty on sugar.

The CHAIRMAN. It was put on in this last budget.

Mr. WILLETT. Yes, sir.

The CHAIRMAN. I did not know whether it was an internal tax or a customs tax.

Senator TELLER. Which is it?

Mr. WILLETT. It was put on a year ago.

Senator TELLER. It was put on with reference to this Boer war, was it not?

Mr. CHAIRMAN. To raise money?

Mr. WILLETT. It was put on to raise money; yes, sir.

Senator TELLER. What do you say it is?

Mr. WILLETT. One cent a pound, according to test. It is 4s. 2d. on refined sugar.

Senator TELLER. What is it on raw sugar?

Mr. WILLETT. On raw sugar it is according to polariscopic tests.

Senator TELLER. Could you get that exactly?

Mr. WILLETT. Have you a file of Willett & Gray's Statisticals? I could find it for you in that, or I could send it to you.

Senator TELLER. What do you understand, Mr. Willett, they have done with reference to putting a duty on sugar going into India? I see you have quite recently made an allusion to it here in your paper.

Mr. WILLETT. That is all I know about it, what appears in the paper. They have assessed a countervailing duty against the cartel of Germany.

Senator TELLER. But you have no further knowledge on the subject than that?

Mr. WILLETT. I have no further knowledge. That is the latest I have. I will have more knowledge of it as the mail comes in from India.

Senator TELLER. What do you understand the equivalent in our money is of the countervailing duty they have there? I think it is 81½ cents on a hundred pounds. It is 3s. 9d., is it not?

Mr. WILLETT. Do you mean 3s. 9d. turned into American money?

Senator TELLER. Yes.

Mr. WILLETT. Eighty-one and three-quarters cents per 112 pounds.

Senator TELLER. I figured it at 81½ cents on 100 pounds.

Mr. WILLETT. It is 81½ cents per 112 pounds—"per hundred-weight," it says.

Senator TELLER. Why do you understand they have put that countervailing duty on? Our countervailing duty is not as large as that.

Mr. WILLETT. We have no countervailing duty against the cartel.

Senator TELLER. No; but we have a countervailing duty against a direct bounty.

Mr. WILLETT. That is correct.

Senator TELLER. You understand that countervailing duty of 81½ cents per 112 pounds is on the bounty and on the cartel also, do you? I do, but I do not know whether I am right or not.

Mr. GRAY. This is simply against the cartel. India has already countervailed the State bounty. That has been done for a year or two back. This is in addition.

Senator TELLER. Is this a countervailing duty against the cartel alone?

Mr. GRAY. This is a countervailing duty against the cartel alone. They have already, a year or two ago, countervailed the State bounty. This refers simply to the working of the cartel.

Senator TELLER. That is what I wanted to get at, and I could not find out from anything I could see in the paper.

Mr. GRAY. This is apt to be rather a gross statement. This is from Paris.

Senator TELLER. I think that is correct as to the amount, because I have seen it in other papers as well as in yours.

Mr. WILLETT. We have no direct information from our own correspondents on this matter, you know. We take it from that publication in Paris. Consequently, I would not care to vouch for those figures at present.

Senator TELLER. The first statement was that they would counter-vail to the extent of 4 shillings, which would be a little more; but there you have it 3s. 9d.

Mr. WILLETT. This is our only direct information relating to countervailing bounty in India. It is in the Statistical of June 12, 1902:

A dispatch to Simla, India, states that the Indian council has passed the sugar bill, giving power to impose a countervailing duty against all bounty-fed sugars, to remain in force until the Brussels convention becomes effective, September 1, 1903. This action covers all bounties under the cartel systems of Germany and Austria, as well as regular government bounties, and will likely influence the ratification of the Brussels agreement by several governments.

The exact figures, what they figure the German cartel to be, I have no advice. I know what we figure it, but I do not know what they figure it.

Senator TELLER. What do you figure it?

Mr. WILLETT. Would you like an explanation of the German cartel?

Senator TELLER. Yes.

Mr. WILLETT. In Germany there are two sugar syndicates and one cartel: (1) the German sugar syndicate; (2) the syndicate of German sugar refiners; (3) the cartel, or "combination advantage."

Syndicate 1 consists of manufacturers of raw sugar from the beet, manufacturers of refined sugar direct from the beet.

Syndicate 2 consists of sugar refiners from raw sugar and refiners direct from the beet, and this syndicate guarantees to the members of syndicate 1 a certain minimum price whenever the market price of raw sugar falls below a certain level.

This level or normal price is \$2.78 per 100 pounds.

The CHAIRMAN. Of what; of refined or raw?

Mr. WILLETT. Of raw sugar. The guaranty does not extend below a market price of \$2.04 per 100 pounds. Below \$2.04 or above \$2.78, syndicate (1) gets nothing. At a market price of \$2.04 or below, syndicate (1) gets the full difference between \$2.04 and \$2.78, or 74 cents per 100 pounds.

Every month the members of syndicate (2) pay into syndicate (2) the amount due under arrangement plus 10 per cent, which 10 per cent is to cover the expenses of conducting the cartel (3). The entire sum thus collected forms the combination advantage or cartel (3).

In detail, every month the members of syndicate (2) pay into syndicate (2) the difference between \$2.78 per 100 pounds and the average monthly price of raw beet sugar in Magdeburg for the month on every pound of raw sugar delivered at their refineries and turned into refined and sold for consumption (but not for export), and plus 10 per cent on said amount.

Suppose the average market price for any month for raw sugar is \$2.31 per 100 pounds and a refiner produced 1,000,000 pounds refined and sold it for consumption in Germany, and produced 2,000,000 pounds refined for export to England or the United States, he would pay into his syndicate (2) the difference between \$2.31 per 100 pounds and \$2.78 per 100 pounds, say 47 cents per 100 pounds, plus 10 per cent (for expenses of cartel), or say 51 cents per 100 pounds on the 1,000,000 pounds consumed, but nothing on the 2,000,000 pounds exported.

Suppose the average price for the month at Magdeburg is \$2.04 or below, as at present, then the amount to be paid into syndicate 2 by



its members is the difference between \$2.04 and \$2.78 per 100 pounds—74 cents per 100 pounds, plus 10 per cent—say total of 81 cents per 100 pounds on the 1,000,000 pounds for consumption and nothing on the 2,000,000 pounds for export.

Suppose the entire consumption for one year is one-third of the entire consumption and export combined, then the cartel would receive into its treasury one-third of 81, or 27 cents per 100 pounds on the entire amount of sugar sold by Germany during a crop year, October 1 to September 30.

Syndicate 2 pays over to syndicate 1 the amount received into the cartel (less 10 per cent), say 74 cents per 100 pounds, at different times, always keeping a large reserve on hand for contingencies. The first year it paid out 50 per cent of its receipts; the second year, 75 per cent, and the present year, 100 per cent.

When syndicate 1 receives the money it distributes it to its members in proportion to the amount of production allowed them by the tax authorities (the Government controlling the output of each factory.)

Suppose, further, that the average price for one year is \$2.04 per month or below, as now. In 1900–1901 691,000 tons of refined sugar entered into consumption; the combination advantage or “cartel,” amounting to 81½ cents per 100 pounds, or at 74 cents without the 10 per cent, is \$11,453,916.

The total consumption and export of sugar in Germany (1900–1901) was 1,375,000 tons. The cartel would amount to a compensation to the producers of raw sugar of 26½ cents per 100 pounds on their entire production.

The average value in the Magdeburg market for the year being, say, \$1.63½ per 100 pounds, this would give them \$1.63½ plus 26½ cents, or \$1.90 per 100 pounds for all their raw sugar sold for consumption.

The present Magdeburg price of raw sugar April 1, 1902, was \$1.70 per 100 pounds plus 74.5 cents cartel, or \$2.445 per 100 pounds. The export price of raw sugar at Hamburg was \$1.40 per 100 pounds.

Thus, by receiving \$2.445 per 100 pounds for *one-third* of his production he is able to sell two-thirds of his production for export at \$1.40 per 100 pounds, or an average price for all his production of \$1.735 per 100 pounds, the export price being 33.5 cents per 100 pounds less than his *average* selling prices and 71 cents per 100 pounds less than his consumption selling price.

The refiner syndicate (2) is able to pay into the cartel the 81½ cents per 100 pounds because it pays \$1.63½ per 100 pounds for raw sugar in the Magdeburg market, and 81.5 cents into cartel and 87.5 cents per 100 pounds for refining expenses and normal profits, and \$2.18 per 100 pounds consumption duty, a total cost of refined to him of \$5.50 per 100 pounds, for which he gets now in the Magdeburg market \$6.14 per 100 pounds, leaving him 64 cents per 100 pounds as his profits resulting from the cartel over and above his normal profits covered in expense of refining. The refiners obtain the cartel benefit of 64 cents per 100 pounds on all refined sold for consumption, which enables them to sell their surplus for export at \$1.81 per 100 pounds f. o. b. Hamburg.

If we add to \$1.81 the export bounty of 38 cents and the consumption duty of \$2.18, we have the price at which the refined would sell for consumption on the export-price basis, say \$4.37 per 100 pounds, whereas the price for consumption is \$6.14 per 100 pounds, an artifi



cial increase from cartel bounty of \$1.77 per 100 pounds. The refiner pays 81.5 cents of this into the cartel and retains 95 cents per 100 pounds for himself.

Or, to put it another way, when the refiner exports granulated he can deduct from the \$5.50 per 100 pounds cost (including normal profits) the export bounty, 38 cents, plus the consumption duty, \$2.18, and the 81 cents due the cartel, say \$3.38, leaving his cost \$2.12 per 100 pounds, while selling at \$1.81 per 100 pounds, an apparent loss of 31 cents per 100 pounds; but while he loses 31 cents per 100 pounds on his exports of refined during the crop of 1900-1901, say 550,000 tons, he makes 64 cents per 100 pounds on his consumption sales of 768,000 tons refined, leaving him a total net profit of 24.5 cents per 100 pounds on all his business.

Thus it appears that the raw-sugar manufacturer makes by the cartel 26.5 cents per 100 pounds on all his production, and the refiner makes a profit of 24.5 cents per 100 on all he refines, both of these cartel profits being over and above the normal profits charged in the cost of manufacture.

Raw sugars are sold to the foreign buyer at \$1.40 per 100 pounds, and to the home buyer at \$2.37 per 100 pounds.

Refined (granulated) is sold to the foreign buyer at \$1.81 per 100 pounds, and to the home consumer at \$6.14 per 100 pounds. Granulated sugar in Germany, by the very latest expert calculations, costs to make \$2.50 per 100 pounds. The selling price for export is \$1.81 per 100 pounds. Adding 38 cents for bounty and 24.5 cents for cartel makes \$2.43.5 per 100 pounds, or just about its cost without profit.

Raw sugar in Germany costs to make, \$1.80 to \$1.90 per 100. The selling price for export is \$1.40 per 100 pounds. Adding 26 cents for bounty and 26 cents for cartel, makes \$1.92 per 100 pounds, or just about its cost without profit.

I might add to that that the cartel advantage gives the German sugar syndicate, composed of the manufacturers of raw sugar from the beet, manufacturers of refined sugar direct from the beet, a profit from the cartel of 26½ cents per 100 pounds. That is the amount you would wish to countervail against.

Senator TELLER. In addition to what we do already?

Mr. WILLETT. If you were countervailing against the cartel, that would be the amount you would countervail, 26½ cents per 100 pounds.

The CHAIRMAN. That is just about the same as the bounty?

Mr. WILLETT. Just the same as the bounty—that is, against raw sugar. The amount of the cartel against refined sugars that you would wish to countervail would be exactly the same, 26½ cents per 100 pounds. Now, that 26½ cents which the cartel takes is less than one-half of what they might take. In other words, the duty on sugars into Germany is 4½ cents a pound, and the consumption tax——

Senator TELLER. That is the internal-revenue tax?

Mr. WILLETT. No; that is the Government tax, the same as our duty.

Senator TELLER. Four and a half cents duty?

Mr. WILLETT. Four and a half cents duty.

Senator TELLER. If there is any imported, it must pay four and a half cents?

Mr. WILLETT. It must pay 4.32 cents.

Senator TELLER. And when it comes in—

Mr. WILLETT. It pays just one-half as much more for consumption tax.

Senator TELLER. Two and a quarter cents?

Mr. WILLETT. The import duty is 40 marks per 100 kilograms, which is \$4.32 per 100 pounds. The surtax is just one-half of that, \$2.16. The cost of manufacture is 2½ cents per pound. The jobber in Germany pays the refiner \$6.14 for granulated sugar. The cartel might make \$6.82 before any foreign sugars could come in. The entire advantage which the cartel might derive is 68 cents. What they actually take is 26½ cents. We could not countervail probably any more than they actually take.

Senator TELLER. No; but we ought to countervail against what they actually take, which you say is what?

Mr. WILLETT. Twenty-six and a half cents. You could not countervail what they do not take—what they might take. What they actually take is all that could be countervailed.

Senator TELLER. If we got to countervailing against them, they would soon take the balance, probably. Have you figured out how much the indirect bounty paid to the sugar raisers of Germany by the cartel system amounts to—what the total of it is? You have not given the total.

Mr. WILLETT. I think I gave the total, did I not?

Senator TELLER. You did not give it in round numbers. You only told us what you would figure it at. At least, I think you did not give it. I did not catch it if you did. I want to know how many million marks are paid out to these sugar raisers?

Mr. WILLETT. I said that in 1900–1901 the combination of advantage, or cartel, at 81 cents per 100 pounds, or 74 cents without the 10 per cent, is \$11,453,916.

Senator TELLER. I remember now you did say that.

Mr. WILLETT. Somewhere else I have it figured out.

The CHAIRMAN. These figures of the results of the cartel are on prices at a given date?

Mr. WILLETT. Prices at a given date.

The CHAIRMAN. And as prices vary results would vary?

Mr. WILLETT. As prices vary the result would vary, as prices already vary during the entire year. These figures are only approximate, but in round numbers they are correct as near as I can make them. I think I can give you what each syndicate made separately, the raw-sugar syndicate and the refined-sugar syndicate.

Senator TELLER. If you can, without too much trouble, I think it would be interesting to have it.

The CHAIRMAN. If he does not want to stop now, he can furnish it later.

Senator TELLER. You might furnish it later.

Mr. WILLETT. It would be almost as long a statement as I have already given you, because I would have to figure for you the profit which the refiner makes on a certain number of tons which he buys in Magdeburg for consumption. I would have to figure out the amount which he would lose on what he exported, and deduct the difference. I can give it to you. The present Magdeburg price is 1.70.

On this basis of 1.70 the raw-sugar men, syndicate No. 1, lost 10 cents a hundred pounds on 1,375,000 tons of sugar, or an aggregate of \$3,080,000. That is their loss; but the refiners who bought the sugar from the raw-sugar men manufactured into refined sugar for home consumption 691,000 tons of the 1,375,000 tons. On this 691,000 tons of refined sugar they paid the raw-sugar manufacturer a cartel allowance of 71 cents per 100 pounds. This amounted to \$11,453,916. Deducting the \$3,080,000 loss at the time of sale from this amount, the net profit of the raw-sugar manufacturers on their Magdeburg business is found to be \$8,373,916 for the year; but they lost a part of this profit on the sugars which they exported. Their sugar cost them \$1.80 per hundred to manufacture. The present Hamburg or export price is \$1.40, which means a loss of 40 cents per 100 pounds.

To offset that 40 cents apparent loss they receive an export bounty of 26 cents per hundred, so their net loss on their export business is only 14 cents a hundred. The raw-sugar manufacturers exported 533,000 tons during the last sugar year. A loss of 14 cents a hundred on this amount is \$1,671,488. Deducting this amount from the net gain of \$8,373,916 at Magdeburg, leaves \$6,702,428 as the net gain on the year's total business of the raw-sugar manufacturers, syndicate No. 1. This is an average of 19.6 cents per hundred on the total production of 1,908,000 tons of raw sugars in Germany. That is the net profits of the raw-sugar manufacturers for the year on the present basis.

The CHAIRMAN. Whom do you mean by the raw-sugar manufacturers?

Mr. WILLETT. I always mean the German sugar syndicate, consisting of the manufacturers of raw sugar from the beet and the manufacturers of refined sugar direct from the beet, to a certain extent.

The CHAIRMAN. You do not mean the farmers who raise the beets themselves?

Mr. WILLETT. No; it has nothing to do with the farmer. The farmer is not in the cartel. The farmer receives a certain price per ton for his beets.

The CHAIRMAN. The raw-sugar manufacturers, then, are like the people in this country who produce sugar from beets.

Senator TELLER. Who have a factory.

Mr. WILLETT. Except that in this country we have no such syndicate. We have no factories that produce raw sugar from beets. Our factories produce refined sugars from beets.

Senator TELLER. Do some factories over there produce raw sugars from beets?

Mr. WILLETT. Some of them. You see, that one syndicate consists of all the persons who have anything to do with the making of raw sugar. If a man takes a beet and turns it into raw sugar and keeps the process right on into refined, he still is a member of that raw-sugar syndicate and gets a certain proportion of the cartel. It is a complicated thing.

The CHAIRMAN. I should think so.

Mr. WILLETT. A manufacturer who makes simply raw sugar from the beet receives a cartel advantage. A manufacturer who makes refined sugar from the beet receives a certain advantage up to the extent of his manufacture from beet to raw sugar, but from his manufacture from raw sugar into refined sugar he has to pay into the cartel. Do you see? He is on both sides of the fence.

Senator TELLER. I do not see how we can countervail against their legal bounty and protect ourselves unless we consider their indirect bounty.

Mr. WILLETT. As a statistician engaged in the study of this question, I doubt if we can countervail at all against their cartel. It is too indefinite. It is a private business enterprise, and not a Government enterprise. We might follow the example of Great Britain and India. They have done it.

Senator TELLER. They have done it; yes.

Mr. WILLETT. And we can arbitrarily do it, I have no doubt, but by special act. The Secretary of the Treasury has no authority to do it, in my judgment, under the present law. That is a matter of opinion, however. He knows more about it than I do.

To go on, I will give you what the syndicate of German sugar refiners makes. You see, some members of that syndicate are also members of the first syndicate, as I have explained to you. The refiner pays the members of the German syndicate \$1.70 a hundred for their raw sugar in the Magdeburg market. Assume that the cost of refining is 62½ cents, the same as in this country; his refined sugar then stands him \$2.32½ a hundred pounds. The refiner sold part of this sugar for export at Hamburg at \$1.83½ a hundred pounds, or 49½ cents a hundred less than it cost him. The German Government pays him a bounty of 38 cents a hundred pounds on his sales for export. This reduces his actual loss to 11½ cents a hundred pounds on all that he sells for export.

On all the sugars he sells at Magdeburg for domestic consumption he makes 73½ cents a hundred pounds, and on all he sells at Hamburg for export he loses 11½ cents a hundred. During the year ending September 30, 1901, the German refiners sold 691,000 tons of refined sugar at Magdeburg for home consumption. A profit of 73.6 cents per 100 pounds on this amount of sugar is \$11,392,102. They sold 547,000 tons at Hamburg for export. A loss of 11½ cents per 100 pounds on this amount of sugar is \$1,409,072. In other words, the cartel made \$11,392,102 for the German refiners on their Magdeburg business and lost them \$1,409,072 on their Hamburg business. On all their business they made \$9,983,030. The amount they threw away or gave away to keep out foreign-refined sugar under this system was \$1,409,072, and, after throwing that amount away, they had profits of \$9,983,030 on refined sugar. I believe that covers the ground.

The CHAIRMAN. Let me see if I understand. The German Government pays the exporter 38 cents a hundred pounds on refined sugar?

Mr. WILLETT. On refined sugar.

The CHAIRMAN. And how much on raw sugar.

Mr. WILLETT. Twenty-six and one-half cents.

The CHAIRMAN. So that when we countervail, we countervail 26½ cents against raw sugar and 38 cents against refined for the bounty?

Mr. WILLETT. Yes, sir; that is our present countervailing duty.

The CHAIRMAN. The cost of refining you say is the same as in this country, 62½ cents per hundred pounds?

Mr. WILLETT. Yes, sir. I take it for granted the expense of refining does not vary materially in the two countries.

The CHAIRMAN. Does that take into account the loss in weight that there is?

Mr. WILLETT. Sixty-two and a half cents?

The CHAIRMAN. Yes.

Mr. WILLETT. It takes into account every expense attending the refining of sugars.

The CHAIRMAN. Including loss in weight?

Mr. WILLETT. Including loss in weight, including office expenses, the brokerages for selling—everything relating to the expense of refining and selling the sugar. I think it is very well established that that is the amount it cost to refine sugars, taking everything into consideration.

Senator TELLER. Have you any personal knowledge of the condition of things in Cuba now?

Mr. WILLETT. I have never been in Cuba.

Senator TELLER. You have no knowledge of the holdings, for instance?

Mr. WILLETT. No knowledge whatever; no, sir.

Senator TELLER. Has Mr. Gray?

Mr. WILLETT. No, sir.

Senator TELLER. You can not give us any information, then, on that subject?

Mr. WILLETT. Nothing at all.

Senator TELLER. I thought perhaps you had some information. In your brokerage I suppose you deal with the Habana brokers, or do you deal in other parts of the world?

Mr. WILLETT. Our business with Cuba in the selling of raw sugars is extremely trifling, and is confined entirely, I might say, to consignments of sugar which might be sent to us by the Cuban planters themselves. We have no brokerage connection in the island of Cuba. Our information connections for our news bureau are Guma, of Habana; DuBois, of Matanzas; and parties in Cienfuegos, Santiago, and, in fact, all parts of the island where it is necessary for us to have information.

Senator TELLER. You could not give us, then, any information as to the American ownership down there?

Mr. WILLETT. Nothing at all. I know nothing about it.

Senator TELLER. I thought perhaps you would be able to do that. Have you formed any opinion as to the amount of sugar raised down there this year?

Mr. WILLETT. Yes, sir.

The CHAIRMAN. What is your estimate?

Mr. WILLETT. Our latest estimate was 750,000 tons, but I think in our Statistical this week we say we will probably be obliged to raise that estimate a little, for the reason that the receipts of the Cuban crop up to the present time show 740,000 tons already made, and that ten centrals are still grinding, against four at this time last year, which indicates that they will certainly make more than 10,000 tons of sugar more—more than a total of 750,000 tons.

I should say at the present moment our estimate next week would have to be increased to 775,000 tons as the crop of Cuba. That does not mean the United States will get 775,000 tons. There are about 50,000 tons consumed in the island.

Senator TELLER. Early in the season the estimate made was 850,000 tons.

Mr. WILLETT. That was our first estimate, I think.

Senator TELLER. Did you make the same estimate at first?

Mr. WILLETT. Eight hundred and fifty thousand tons?



Senator TELLER. Yes.

Mr. WILLETT. Eight hundred and seventy-five thousand tons was our first estimate. From that we gradually reduced it to 750,000 tons, and now we will be obliged to go up a little, to 775,000.

Senator TELLER. You think it will fall under 800,000?

Mr. WILLETT. I think it will fall under 800,000 tons.

Senator TELLER. They are still grinding?

Mr. WILLETT. Ten centrals are still grinding in the island.

Senator TELLER. Where was that?

Mr. WILLETT. I do not know.

The CHAIRMAN. You say "still." What date is that?

Mr. WILLETT. We get that information by cable to us on the 12th of June from Mr. Guma.

Senator TELLER. Mr. Willett, have you been somewhat active in endeavoring to secure a reduction upon duty in this proposed or suggested legislation here?

Mr. WILLETT. Yes, sir; I have taken an active interest—

The CHAIRMAN. Wait a moment. Suppose he has, I do not know what that has to do with it. I do not think it is worth while to ask it, but you can ask it if you think it necessary or within the scope of the investigation.

Senator TELLER. I want to ask Mr. Willett—and you can tell very quickly whether you think I ought to ask it or not—whether he has been procuring the publication of these appeals, and so forth, to the people of the United States, to insist that Congress should do something for suffering Cuba; and if so, if he has been procuring the publication, I want to ask him who furnished him the money to do it.

The CHAIRMAN. You mean, I suppose, whether he got anything from Mr. Havemeyer?

Senator TELLER. Yes; that is just what I want to get at.

The CHAIRMAN. I do not think the whole thing is of much importance, but if you are desiring to get at Mr. Havemeyer, I would rather let you ask it than to make any fuss about it.

Senator TELLER. All right. Have you been active in procuring these publications, Mr. Willett, either you or Mr. Gray, or both of you?

The CHAIRMAN. What publications?

Senator TELLER. Publications of appeals such as Mr. Thurber presented to us the other day.

Mr. WILLETT. No, sir; except what appears in our Statistical.

Senator TELLER. Only what appears in your own paper?

Mr. WILLETT. Only what appears in our paper. We have a circulation for our paper—

The CHAIRMAN. Have you a copy of your paper here?

Mr. WILLETT. Yes, sir.

The CHAIRMAN. What is it composed of—statistics or editorials?

Senator TELLER. Mainly statistics, is it not?

Mr. WILLETT. Mainly statistics.

Senator TELLER. You have some editorials?

Mr. WILLETT. Some editorials. Whatever editorials appear in this paper are the immediate thought and writing and views of either Mr. Gray or myself, and written by either Mr. Gray or myself. No other party ever writes an editorial for my paper, or ever dictates one, or ever suggests one. Everything that is in my paper is from either Mr. Gray or myself.



Senator TELLER. I know what is in your paper, but what I referred to more particularly was whether you had taken any active part in procuring the publication of circulars.

Mr. WILLETT. No, sir.

Senator TELLER. Has Mr. Gray?

Mr. WILLETT. No, sir.

Senator TELLER. Then I do not want to go into that, of course. Have you any knowledge of parties having done that who are connected with the sugar business; for instance, we will say Mr. Havemeyer?

Mr. WILLETT. No, sir.

Senator TELLER. You have no personal knowledge on that subject?

Mr. WILLETT. I have no personal knowledge as to Mr. Havemeyer.

Senator TELLER. Then I do not care about going into that. I think I have gotten about all I can get out of this cartel.

The CHAIRMAN. Let me see if I understand this. Aside from the operations of the cartel and the results of it, do you think the present production of raw sugar in Germany is profitable, or does the profit all come from the cartel? I did not quite get your idea about that from your figures.

Mr. WILLETT. The statement shows there is absolutely no profit without the cartel to either the refiner or the raw sugar man. It is just an even thing. I show that plainly. I would qualify that to this extent, that in their figuring, showing that there is no profit without the cartel, 87½ cents instead of 62½ cents is figured. The people over there in Germany always figure 87½ cents for the cost of refining instead of 62½. That is to say, they figure their cost of refining at what they call their normal profit. That is 87½ cents. Consequently, there is a profit of the difference between 62½ cents and 87½ cents.

The CHAIRMAN. That is on refining?

Mr. WILLETT. Yes.

The CHAIRMAN. But my point is this——

Senator TELLER. You mean whether there is any profit in making raw sugar?

Mr. WILLETT. Yes, sir.

The CHAIRMAN. Suppose the cartel went out of existence to-morrow and the price of raw sugar remained the same, would the producer of raw sugar get any profit?

Mr. WILLETT. No, sir.

The CHAIRMAN. Do you think he would be about even?

Mr. WILLETT. About even.

The CHAIRMAN. How much foreign refined sugar came here from Europe last year?

Mr. WILLETT. 42,515 tons. The amount that has come this year up to June 12 is 5,608. During the same time last year 12,917 tons came in.

Senator TELLER. What do you think will be the effect of this agreement to cease to pay bounty in Germany, Austria, and Hungary?

Mr. WILLETT. You mean the effect from now to 1903, or after 1903?

Senator TELLER. I mean after 1903.

Mr. WILLETT. It will reduce the production of beet sugar in those countries and advance the price. Previous to 1903, however, I see no reason why prices should be any higher than they are to-day. They have one more year in which to raise a crop on which to secure the bounty, and from our information abroad at the present moment

it appears that they expect to reduce the sowings only about 10 or 12 per cent, which would have no material effect, because, you see, by our figures we estimate there will be in the world 1,855,000 tons more sugar on the 1st of October than will be required up to that time for the consumption of the world.

They will start, then, next year—October 1—at the end of this present campaign, with 1,855,000 tons surplus. We will have a crop of beets in sight only 10 or 12 per cent less than the former crop. How many tons is that?

Mr. GRAY. The net result of the cane and beet crops, as we estimate them now—a year ahead—will give us, October 1, 1903, 2,000,000 tons.

Senator TELLER. Surplus?

Mr. GRAY. Surplus.

Senator TELLER. Where do you expect to get this great increase?

Mr. WILLETT. It exists now.

Mr. GRAY. It will come from Europe, Java, Cuba, and the American beet crops.

Mr. WILLETT. Our crop estimates will show that. They were published June 12.

Senator TELLER. Your estimates for this coming year?

Mr. WILLETT. Yes, sir; 1901-2. I can give it by countries, if you wish—Louisiana, beets, and so on.

Senator TELLER. I do not know that I care about putting it down.

The CHAIRMAN. There was a large increase in beet production last year?

Mr. WILLETT. Yes, sir.

The CHAIRMAN. Was there any increase in cane production last year?

Mr. WILLETT. Last year the cane production was 3,507,465 tons. The preceding year the crop was 2,880,904 tons, showing an increase of 626,561 tons. You asked for the increase of the crop last year over the preceding year?

The CHAIRMAN. The cane crop increase; yes.

Mr. WILLETT. Or do you mean the prospective crop?

The CHAIRMAN. No; last year.

Mr. WILLETT. The increase last year over the preceding year?

The CHAIRMAN. I mean the crop that is now ending.

Mr. GRAY. That is what we call the present crop.

Mr. WILLETT. The crop now ending is 3,756,150 tons of cane sugar against 3,507,465 tons the preceding year; so it is an increase of 250,000 tons, approximately.

Senator TELLER. Does that show the supposed increase?

Mr. WILLETT. That shows the actual increase.

Mr. GRAY. It does not show for next year. We published that, Senator, in the first or second week in April.

Mr. WILLETT. We have that in our statisticals.

Senator TELLER. We have been told that the German beet crop and the Austrian beet crop the coming year would be somewhat less than it was this year; that the crop they are now putting out, or have put out this spring, will be some 15 or 20 per cent less than it was.

Mr. GRAY. It will still be larger than the consumption, Senator.

Mr. WILLETT. The seed is just going into the ground, and all we can estimate the crop on now is the amount of acreage sown as compared with the preceding year.

Senator TELLER. Professor Wiley said there was some 15 or 20 per cent less going in this year than last.

Mr. WILLETT. He takes that from this book, the International Sugar Journal.

Senator TELLER. That is exactly where he got it.

Mr. WILLETT. Our own correspondence, however, thus far gives us only a reduction of from 10 to 12 per cent.

Senator TELLER. The International Sugar Journal makes it 15 per cent, does it?

Mr. WILLETT. Fifteen or seventeen, but this is by mail, and ours is by cable. All our data for our news bureau is up to date by cable from all parts of the world.

The CHAIRMAN. Your statistics go everywhere to the trade, in Cuba and everywhere?

Mr. WILLETT. Everywhere throughout the world.

The CHAIRMAN. While there is a low price for sugar, consumption will increase, naturally?

Mr. WILLETT. Naturally, always.

The CHAIRMAN. And if the result of the cartel is to raise the price of sugar, that increase of consumption will stop, will it not?

Mr. WILLETT. After September 1, 1903.

The CHAIRMAN. Yes.

Mr. WILLETT. Well, it is so far ahead that it is almost impossible to tell what the conditions will be. Naturally it would.

The CHAIRMAN. There is a natural increase, I suppose?

Mr. WILLETT. There is a natural increase of consumption in the United States. It is 6.4 per cent every year.

Senator TELLER. There is not a country in Europe, except England, that ought not to increase her consumption if prices get down lower. If they get down lower in Austria-Hungary, Germany, and France, the consumption ought to increase.

The CHAIRMAN. What I am thinking about is this: Consumption will increase to use up the surplus?

Mr. WILLETT. Eventually.

The CHAIRMAN. If prices are low?

Mr. WILLETT. Yes.

Mr. GRAY. If the people are buying more sugar.

The CHAIRMAN. They will naturally; but if the taking off of the cartel has the effect of putting sugar up again, it will be a long time then before the production will be so increased as to meet the surplus?

Mr. WILLETT. To be sure.

Senator TELLER. I have the theory that you will find sugar will go down in those countries, and the consumption will rapidly increase, because it is very low in nearly all those countries compared with this country or with Great Britain.

Mr. WILLETT. You must bear in mind, Senator, that even with all this reduction that they propose to make in Germany, the prices will not come down anywhere near what the American consumer pays.

Senator TELLER. Will they not make it as cheaply?

Mr. WILLETT. But the consumption tax is still half a cent a pound. It will still exist to that extent.

The CHAIRMAN. There is no expectation by anybody who has looked into the matter that Germany is going to buy any sugar from abroad.

Mr. WILLETT. No; never.

The CHAIRMAN. Neither is France.

Mr. WILLETT. Germany is a producer beyond her consumption always, and always will be.

Senator TELLER. And so is France.

Mr. WILLETT. So is France.

Senator TELLER. If they do not give a bounty to have it exported it seems to me that the price must fall and consumption ought to increase, unless the conditions are such that they can not make sugar so cheaply there.

Mr. WILLETT. But the price being  $8\frac{1}{2}$  cents now in Germany, suppose it is reduced to  $6\frac{1}{2}$  cents, it is still high.

The CHAIRMAN. But it ought to be reduced to 5.

Mr. WILLETT. How can it be? Let us see how low they can reduce it.

Senator TELLER. I do not know about that.

Mr. WILLETT. We can figure that in a moment.

Mr. GRAY. They propose to make the import duty 16.80 marks on refined sugars. (See note.)

Mr. WILLETT. Yes; 1.82 cents per pound import duty. Then add to that the cost of making the sugar.

Mr. GRAY. If you import the sugar, you do not have to pay the consumption tax.

Mr. WILLETT. Suppose they import Austrian sugar, for instance, over the border. They would have to pay a duty of 1.82 to come in. You add to that the cost of production and the normal profit.

Senator TELLER. Of course the Austrian is not going to sell his sugar and pay the duty on it. What do you suppose it costs to make the sugar over there?

Mr. WILLETT. It costs 1.80 for raw and  $2\frac{1}{2}$  for granulated. That makes the total cost of granulated 4.32, without any profit. Then there is the freight to Germany and the normal profit. You see, the consumer is not even now going to get his sugar as cheaply as we do, and that, consequently, will still keep down the amount of consumption.

Senator TELLER. It would seem cheap to him, but it would not be very cheap to us.

Mr. WILLETT. The United States is the country that increases consumption.

Mr. GRAY. Another thing is, they go without sugar. They have got to be educated up to it.

Senator TELLER. But I think you will see there is going to be a pretty rapid rise of consumption of sugar.

Mr. WILLETT. I expect it.

Senator TELLER. In the world?

Mr. WILLETT. In the world, particularly in the United States.

Senator TELLER. I think you will see that the armies of the world, in a few years, will be making that one of the items of rations.

Mr. WILLETT. There is no doubt about that. We have printed articles along that line already. Soldiers can do more work and fight better on a sugar ration.

Senator TELLER. There is no question about it.

The CHAIRMAN. I see in the advance consular reports that the consular agent at Berlin reports a reduction of 11.34 per cent of the total

sowing of beet acreage from 1901; so that he has about the same as you have.

Mr. WILLETT. He has about the same as we have.

Mr. GRAY. We figure it 12 or 12½ per cent reduction.

The subcommittee thereupon adjourned subject to notice.

	Marks.
Note.—Consumption, duty.....	12. 00
Surtax on refined .....	4. 80

Import duty on refined from September, 1903 ..... 16. 80

[From Willett & Gray's Weekly Statistical Sugar Trade Journal, April 10, 1902.]

#### WORLD'S PRODUCTION AND CONSUMPTION.

The following figures are based on actual stocks in principal countries at the beginning of the present campaign, October 1, 1901, on the latest crop estimates and on a normal increase of 400,000 tons annually in the world's consumption. In estimating next season's production allowance is made for 853,125 tons decrease in European beet crops (based upon average of Mr. Licht's preliminary estimates of reduced sowings, say 12½ per cent, and for 275,000 tons increase in cane crops and in United States beet crops):

	Tons.
Stock in principal countries, October 1, 1901.....	722, 355
Estimated world's production 1901-2.....	10, 762, 756
Estimated total supply.....	11, 485, 111
Estimated consumption, campaign 1901-2 .....	9, 630, 000
Estimated stock in principal countries, October 1, 1902 .....	1, 855, 111
Estimated world's production, 1902-3.....	10, 184, 631
Estimated total supply.....	12, 039, 742
Estimated consumption, campaign 1902-3.....	10, 030, 000
Estimated stock in principal countries, October 1, 1903 .....	2, 009, 742

[From Willett & Gray's Weekly Statistical Sugar Trade Journal, June 5, 1902.]

#### GERMAN SUGAR TAXES.

The German Government officials are now endeavoring to secure the ratification by the Reichstag of the Brussels agreement, particulars of which we published March 13. The Government bill was referred to the sugar committee, which, on 13th instant, agree on the following new rates:

Consumption duty from September, 1903, 12 marks per 100 kilos (equal to 1.30 cents per pound); consumption duty from September, 1905, 10 marks per 100 kilos (equal to 1.08 cents per pound). Surtax on raw sugar, 4.40 marks per 100 kilos (equal to 0.47 cent per pound); surtax on refined sugar, 4.80 marks per 100 kilos (equal to 0.52 cent per pound).

These rates have yet to be passed by the Reichstag as a whole.

The present consumption duty is 20 marks per 100 kilos (equal to 2.16 cents per pound). The present surtax is 20 marks per 100 kilos (equal to 2.16 cents per pound).

If the new rates should go into force in September, 1903, the price of sugar in Germany for the home trade will be much reduced and the consumption ought to largely increase.

Letter of F. B. Thurber amending his testimony relative to publication of the United States Export Association paid for by the United States military government of Cuba.

UNITED STATES EXPORT ASSOCIATION,  
New York, June 20, 1902.

DEAR SIR: In examining the publication work which I did in connection with securing a reduction in the tariff on Cuban products, I find that there was one edition of 80,000 documents paid for by the United States military government of Cuba, which I supposed was paid for by the Cuban committee, making four instead of three editions paid for by the military government, as I testified when before your committee.

I therefore wish to have my testimony amended in this respect, or, if it is too late to do this, kindly have the above correction printed in connection with my testimony; also, will you kindly inform Senator Teller.

Yours, very truly,

F. B. THURBER.

Hon. O. H. PLATT,

Chairman Committee on Cuban Affairs, Washington, D. C.





# INDEX.

	Page.
American Sugar Refining Company (the trust) <i>see</i> Testimony of H. O. Havemeyer) .....	1-70
American Sugar Refining Company ( <i>see</i> Sugar; Sugar refineries):	
No purchases of Cuban land (Donner) .....	35
Amount of foreign sugar purchased by (Mott) .....	41
Capital \$90,000,000 (Havemeyer) .....	12
Controls the independent refineries (Leavitt) .....	190, 200, 201
Has no relations with independent refiners (Havemeyer) .....	6, 58
No connection with Van Horne syndicate (Donner) .....	36
Imports sugar at New York, Philadelphia, and Boston (Havemeyer) ....	60
Independent refiners make greater allowances to the trade than our company (Havemeyer) .....	58
Has taken no part in Congressional legislation affecting Cuba (Donner) ..	37
Largest customer of his firm (Rionda) .....	178
Runs the whole year, but reduces meltings in winter (Havemeyer) .....	64
Does not regulate the selling prices of their customers (Havemeyer) .....	59
American Sugar Refining Company and other refiners, no indication of ownership of raw sugar in Cuba (Broussard) .....	283
Brooks Brothers:	
History of (Bryson) .....	113
Charged to have intimate relations with American sugar trust (Bryson) ..	114
Broussard, R. F., testimony of:	
Member of Congress from Louisiana .....	282
Has just made a trip to Cuba for first time .....	282
Was there six days .....	296
Investigation included provinces of Habana, Matanzas, and Santa Clara ..	283
No indication that American Sugar Refining Company or independent refiners own any large part of the raw sugar there .....	283
Almost all the sugar is hypothecated to money lenders who would secure the benefit from a reduction of our duty .....	283, 294, 295, 299
Output of these provinces 700,000 tons raw sugar .....	283
No sugar gauging over 95½° is made .....	284
Not more than 2 per cent of the Cuban and Spanish planters and manufacturers would be benefited by a reduction of duty on Cuban sugar ....	284
Laborers would not be benefited, as they have all been paid .....	285
Principal difficulty of Cuban sugar planter is scarcity of labor .....	285
No sugar was being shipped .....	285
Majority of plantations in Matanzas had completed their grinding campaign .....	285
Cuban sugar planter has every advantage, except in transportation, over the Louisiana planter .....	286
Describes their method of cultivation, character of soil, etc. ....	286-288, 291
Methods of working and paying laborers, colonos, and the sugar makers in Cuba .....	288, 292, 302
Gives freight rates and railroad construction in Cuba .....	289, 290
Can operate their machinery for 200 days as against 60 in Louisiana .....	290
Quantity of sugar in Cuban cane much greater than in Louisiana cane ....	290
Disposition of by-products, molasses, bagass, etc .....	291-293
Profit on manufacture of rum from molasses .....	293
How the planter secures his cane at the carrier without cost as compared with the Louisiana planter and beet-sugar manufacturer .....	293
The Louisiana planter gets 18 tons of cane to acre, the Cuban planter from 30 to 45 tons .....	293, 294
Cuban land costs from \$1.50 to \$3 per acre in its natural state, and \$10 to \$15 when cleared .....	294

	Page.
Broussard, R. F., testimony of—Continued.	
Sugar trust will dictate price of Cuban sugar.....	295, 299
Visited one plantation in detail—Tinguaro—near Cardenas, but went through others.....	297
As to his information based on facts in regard to loans of money on sugar.....	298, 299
Concerning the price of raw sugar at New Orleans as fixed by the trust.	299, 300
Bryson, George E., testimony of:	
Newspaper correspondent; has resided in Cuba seven years.....	103
Gives information as to holdings and ownership of sugar plantations, production of sugar, etc., as follows: The Caracas, Constancia, Rosario, Senado, Congresso, Santa Lucia, Tanamo, Brooks estates, Teresa, Tuinicu.....	104-111
Twenty per cent of Cuban sugar held by Spaniards as security for loans..	107
Describes the colono system of cultivation and sale of the cane.....	108-109
Previous to residence in Cuba was correspondent for New York Herald, covering 18 Central American revolutions.....	109
Is Spanish-English translator and a commissioner of deeds.....	110
Gives newspaper experience.....	110
How he secured sugar information.....	111
His knowledge regarding ownership of plantations.....	111
Does not know of a Cuban Centrale in Cuba.....	112
Sugar crop is produced as follows: 20 per cent by Spaniards, 50 per cent by Americans, 30 per cent by small Cuban planters.....	112
Has not been on the plantations enumerated by him since American occupation of Cuba.....	113
Cane once planted does not need much cultivation.....	113
Senado and Congresso plantations are owned by Sanchez Brothers, but Mr. Havemeyer, through Mosle Brothers, holds mortgages on them...	104
"Brooks Brothers" is the oldest English banking house in eastern Cuba.	113
Describes the family.....	113
Knows from a "feeling" that they have intimate relations with American sugar trust.....	114
Describes his "feelings" to mean "circumstantial surrounding indications".....	114
Is giving his impressions gathered as a newspaper man in Cuba during seven years.....	115
Does not know the plantations called Providencia, La Julia, or La Conchita.....	115
Browne, H. J., testimony of:	
By profession a newspaper man, now managing a bureau of information in Washington.....	343
Has been three times to Cuba, and has made a special study of Cuban matters.....	322
Public sentiment in Cuba is not openly expressed on question of reciprocity.....	322
An ingenio and a centrale are the same thing.....	323
Submits statement of ownership of centrales as follows:	
Cuban.....	336-337
Spanish.....	337-339
American syndicates, firms, individuals, and Cuban-Americans...	339, 340
Other foreign holders.....	341
These lists number 223 centrales as the total working on this year's crop.	323
All cane has been ground this year.....	323, 327
Five only of the centrales have machinery up to date.....	323
Cost of producing sugar.....	324
Regarding indebtedness of planters and transfers of property.....	324
Describes the method of lien called "censo".....	324-325
Ability of planters and owners to pay off indebtedness.....	325-326
Amount of wild lands.....	325, 326
Rates of interest and methods of loaning, charges for transportation, banking facilities.....	325, 326
No competition in the purchase or sale of Cuban sugar.....	327
Sugar passes at the market price, but Hamburg price of sugar is controlled in the United States more than in Hamburg.....	327, 355
Concerning advances on sugar.....	327
Why grinding of cane is completed early in the year.....	327, 328

	Page.
Browne, H. J., testimony of—Continued.	
Methods of cultivation of cane .....	329, 343
Spanish merchant and his method of banking and lending money .....	329, 330
The stay law .....	329, 330
Morality and characteristics of the laborer .....	330, 331
Number of centrales owned by each nationality .....	331, 332
Who is a Cuban .....	331, 332
Output of sugar: American, 40 per cent; foreign holders, 10 per cent; Spanish, 30 per cent; Cubans, 20 per cent. ....	332, 359
Handling of cane by independent growers, and the percentage of allow- ance of sugar therefor .....	332, 333, 334
Cost and profit of cane growing .....	332, 333
Effect of antiquated machinery, excessive transportation charges, taxation, etc., shortage of laborers, immigration .....	334-336
German capital of \$200,000,000 employed in Cuba .....	341
Ownership of property by H. O. Havemeyer, and members of the National Sugar Refining Company .....	341, 342
Connection of the Mosle Brothers with estates Santa Lucia, El Congreso, and El Senado .....	342
He is not employed by beet-sugar interests to collect information .....	344
Went to Cuba in the interest of a large American concern, etc., and also to secure material for literary work .....	344
Further as to his object in going to Cuba .....	344-346
List of estates was prepared by Nestor M. Quintero, and states who he is	346
Does not attempt to pass judgment on the lists .....	346, 347
Concerning ownership of estates, their production, etc. ....	347-355
Connection of Mr. Havemeyer therewith, and with advances of money ..	348- 351, 354
Control of Hamburg price of sugar by American Sugar Refining Com- pany .....	355, 356
Control of independent refineries by American Sugar Refining Com- pany .....	356-357, 358, 359
Beet Sugar ( <i>see</i> Sugar).	
Clark, Victor S., testimony of:	
Investigating labor conditions in Cuba for Bureau of Labor .....	303
Has been in Cuba about twelve weeks since January, 1902 .....	303
Gives what information he secured in regard to American holdings in Cuba (Constancia United Refineries Company, Providencia Tuinico, and some forty or fifty pieces of property) .....	304-306
Canadian sugar interests (Farr) .....	260
Cartel ( <i>see</i> Sugar).	
Cartels ( <i>see</i> Sugar; Leavitt, Wiley, Willett).	
Censo, description of method of lien on property (Browne) .....	324-325
Chaparra sugar establishment, capacity (Havemeyer) .....	58
Colono system ( <i>see</i> Sugar; Bryson, Kelly).	
Committee meetings ( <i>see</i> Meetings).	
Countervailing duties:	
Effect of abolishing (Rionda) .....	178, 179, 180
Not equivalent to foreign bounties (Wiley) .....	436
Of East Indian government (Wiley, Willett) .....	440, 458, 459
( <i>See</i> Sugar, Wiley, Leavitt, Willett.)	
Cuba, has no personal interests in (Donner) .....	35
Cuban? Who is a (Browne) .....	331-332
Cuban? Who is a (Palmer) .....	407-408
Cuban commercial interests in a critical condition (Mosle) .....	243, 244
Cuban Government, service vouchers of United States Export Association (Thurber) .....	422
Cuban houses, business connections with (Rionda) .....	89
Cuban investigation for twelve weeks since January, 1902 (Clark) .....	303
Cuban matters, has made a special study of (Browne) .....	343
Cuban cane grower, price paid him and how computed (Kelly) .....	147, 148
Cuban property in which he is individually interested and his co-owners (Preston) .....	281-282, 322
Cuban properties he secured information about (Clark) .....	304-306
Cuban sentiment not openly expressed on questions of reciprocity (Browne) ..	322
Cuban sugars ( <i>see</i> Sugar).	
Cuban sugars, no options on, or control of, except as stated (Havemeyer) ....	3
Cuban sugar-cane lands, estimates (Palmer) .....	409

	Page.
Cuban sugar centrale, does not know of one (Bryson).....	112
Cuban sugar plantations, product of (Havemeyer).....	10
Cuban trade with the United States and its ultimate volume (Kelly) .....	166, 167
Cuban ( <i>see</i> Sugar).	
Czarnikow, McDougall & Co. ( <i>see</i> Testimony of M. Rionda).....	88
Donner, Arthur, testimony of.....	30-37
Treasurer of American Sugar Refining Company.....	30
Concerning purchases of Cuban sugars, how made and amount.....	30-32
Knows only about paying for sugars and not about purchasing .....	31
All Cuban sugars bought have been paid for .....	31
Cuban sugars are bought from Zaldo & Co., Francke & Co., Czarnikow, McDougall & Co.....	32
Books of American Sugar Refining Company do not show producers of Cuban sugar .....	33
About storage of sugars.....	34-35
No purchases of land or property have been made by the company.....	35
Has no personal interests in Cuba .....	35
Company has no connection with the Van Horne syndicate.....	36
Has never seen pamphlet Facts about Sugar, and knows nothing about it. Company has taken no part in the proposed Cuban legislation by Con- gress .....	36 37
Donner, Oscar W., testimony of:	
Is advertising agent for American Coffee Company .....	115-116
Was the author of the pamphlet Facts about Sugar .....	116
Gives full particulars concerning its publication and distribution .....	116-120
Farr, John, testimony of:	
Sugar merchant, New York City, since 1881.....	245, 246
Denies that refiner gets advantage of the countervailing duty, as claimed by Mr. Leavitt, and gives specific illustrations .....	246, 250-253, 254, 261
Submits calculations by Mr. Lueder to prove same .....	246, 247, 254
Submits table of prices of beet sugars f. o. b. Hamburg, compared with New York market price of sugars, years 1894 to 1902, monthly.....	247, 248
Explains the variation from parity with Hamburg prices of sugars sold in New York .....	248, 249
Claims that Cuban sugar producer gets benefit of countervailing duty, and submits actual transactions.....	249, 250, 251, 252, 253, 260
What the parity with Hamburg price means.....	250
Gives cost, capacity, etc., of following Cuban sugar properties in which he is interested: Cuban American Company (Hawley, president), Cha- parra, Mercedita.....	254, 257
How West Indian sugars are sold.....	258
Estimates 30,000 tons Cuban sugar in bond in New York.....	258
Why amount of sugar in bond is kept at lowest point.....	258
When the Cuban crop is disposed of.....	259
Competition between beet and cane sugars.....	259
Concerning importations of German refined beet sugar.....	259
Canadian sugar interests.....	260
Relative values of beet and cane sugars .....	261, 262
Effect of present low prices on the production of West Indian cane sugars..	262
Question of reciprocity with West Indies .....	262, 263
Facts about Sugar:	
By whom prepared (Oscar W. Donner).....	116-120
Printed by John Oehler (Oehler) .....	217-219
Has never seen it (Donner).....	36
Farrell, Franklin, business of (Kelly) .....	156
Freight rates and railroad construction (Broussard) .....	289-290
German capital employed in Cuba, \$200,000,000 (Browne) .....	341
Grinding and operating season 200 days, as against 60 days in Louisiana (Broussard) .....	290
Havemeyer, Henry O., testimony of.....	1-29
President American Sugar Refining Company, known as the sugar trust ..	1
American Sugar Refining Company a New Jersey corporation .....	2
Where its refineries are located.....	2
Sugar, amount held by company in Cuba and in process of shipment ....	2
Sugar, Cuban, when purchased.....	2
Prices paid for Cuban sugar, February, 1902, to April 26, 1902.....	2

Havemeyer, Henry O., testimony of—Continued.	Page.
Where raw sugars are obtained .....	3
Total amount Cuban sugar bought since January 1, 1902.....	3
How sugars are purchased .....	3
No options on Cuban sugars held by company .....	3
No control, directly or indirectly, of any Cuban sugars, except as stated..	3
Estimate of Cuban crop for 1902, 750,000 tons .....	3
Previous annual crops of Cuba .....	4
Principal purchases this year of Cuban sugar were at outports, and why..	4
Prices of Cuban sugar due to sympathy with lower price of beet sugar....	4
Requirements of raw sugar for American Sugar Refining Company.....	4
Their purchases of Cuban sugar on hand less than two weeks' supply for company .....	4
American Sugar Refining Company in business to secure cheapest material.	5
Storage of sugar in Cuba not paid by purchaser.....	5
American Sugar Refining Company principal domestic consumer of foreign raw sugar—65 per cent.....	5
American Sugar Refining Company, production of refined sugar, 1,200,000 tons .....	5
Production of refined sugar in the United States 2,400,000 tons .....	5
List of sugar refiners in United States.....	6
Has no relation or understanding with the independent refineries .....	6
Has a joint ownership in the Spreckels refinery on Pacific coast .....	6
Louisiana sugars are suitable for consumption without refining .....	7
The press of marketing them enables 40 per cent to be rerefined .....	7
First runnings of beet and cane are at once converted into refined sugar..	7
Subsequent runnings are made into brown or muscovado sugars.....	7
Classifies Hawaiian and Porto Rican sugar as foreign.....	8
Foreign beet-sugar market fixes price of sugar .....	8
Hamburg controls sugar market of the world.....	8
Company has no control whatever over the price of Cuban sugar, and explains why .....	8
Duty has been entirely removed from Porto Rican and Hawaiian sugar, and still relative price is unchanged .....	8-9
Has never been able to buy Cuban sugar relatively any cheaper than other sugar .....	9
Can not oblige Cuban holders of sugar to deduct anything from equivalent of Hamburg price.....	9
A congestion of sugar might lower the price of Cuban sugar a sixteenth of a cent .....	9
Company has not acquired any cane-producing lands in Cuba .....	10
Gives his personal investments in Cuba and the output of the plantations.	10
Company has purchased recently 30,000 tons German beet sugar, now on its way to the United States.....	11
Explains his testimony before the Industrial Commission .....	12
Total capital of the American Sugar Refining Company \$90,000,000 .....	12
Names agents through whom Cuban sugars are purchased.....	12
Describes method of making sugar purchases.....	13
Most Cuban sugar is purchased in Cuba at Habana .....	13
Has not advanced any money on Cuban sugars .....	13
Such advances are made by local banks or bankers in Cuba .....	13
The agent who purchases sugar for his company gets his commission from the seller .....	14
Gives capacity of plantations he is interested in .....	15-16
Capacity of Spreckels refinery 500 tons per day.....	17
Company interested jointly with Spreckels in both cane and beet sugar on Pacific coast .....	17
Surplus Hawaiian sugar goes to the trust in Philadelphia and New York.	17
Company has no brokers that it purchases sugar through .....	17-18
Fluctuation in prices is caused by beet-sugar market in Hamburg.....	18
Total sugar crop of world controls price.....	18
Excess of beet and cane sugar crop over consumption for 1901, 1,000,000 tons .....	19
Domestic beet-sugar industry is a competitor or rival of ours because they refine. ....	19-20
Statement concerning Missouri River controversy and the contracts of the beet-sugar people.....	20-25



<b>Havemeyer, Henry O., testimony of—Continued.</b>	<b>Page.</b>
Explains his statement made before the Industrial Commission.....	25-27
States refining capacity of England .....	27-28
Effect of removing protective tariff from sugar.....	28
Reasons why Cuban sugars come to United States instead of going to England .....	28-29
Makes further reply concerning the refined-sugar dealings in the Missouri River country .....	47
Explains concerning cut-rate contracts of the beet-sugar manufacturers...	50
Has had contracts for the past four years for nearly all Hawaiian crop....	52
Hawaiian crop—130,000 tons of it consumed on Pacific coast .....	52
Balance of crop shipped East to the trust .....	52
Describes terms of Hawaiian contract .....	53
Hawaiian planters run the Crockett refinery in California.....	53
Describes method of purchasing Cuban sugar in Cuba and in New York..	54
The independent refineries buy in the same way as the trust .....	55
Cuban is not limited in his sales to the United States market.....	56
Geographical position causes Cuban sugar to come to the United States, where it realizes a better price.....	56
Refiners will pay same price for Cuban sugar if duty is reduced in whole or in part, and explains why.....	56-57
Submits tables of annual production of raw sugar (beet and cane) and visible supply October 1 of each year, 1897 to 1902.....	67
Surplus of world's sugar for year 1902 over 1,000,000 tons.....	58
Requirements of company about 140,000 tons per month.....	58
Company has no relations with the independent refiners.....	58
Independent refiners make greater allowances to the trade than his company .....	58
Gives capacity of Chaparra sugar establishment .....	58
Has no relations with B. H. Howell, Sons & Co .....	59
Sells them soft or yellow refined sugars .....	59
That firm operates the National Refinery Company's business.....	59
American Sugar Refining Company does not regulate the selling prices of their customers.....	59
Company imports sugars at New York, Philadelphia, and Boston.....	60
Describes how sugar is sold through brokers in New York .....	61
Has known 200,000 tons to be accumulated in storage in New York.....	61
Deterioration occurs in storage .....	62
Sugars are paid for on a delivered test .....	62
Storage cost for sugar in New York for six months would equal $\frac{1}{2}$ cent per pound.....	63
Company never stores sugars in New York.....	63
Java sugars are bought on an out-turn test, when delivered .....	63
Company keeps refinery running the year round, but reduces the meltings in winter .....	64
If Cubans should withhold their sugar from market there is an inexhaustible supply of beet sugar.....	64
If a reduction of duty on Cuban sugar takes place they will have to market their sugar; they can not hold it.....	64
Consumer would get no advantage from reduction of duty on Cuban sugar.....	64
Explains why refining industry would get no benefit from such reduction of duty .....	64
The average stock of foreign raw sugar in bond in New York is 50,000 to 100,000 tons.....	66
Price of Hawaiian sugar under their contract, how fixed.....	66
Company is also a producer of beet sugar.....	68
Capacity of Spreckels's refinery is 28,000 tons of beet sugar.....	68
Has personal interests in other beet-sugar establishments .....	69
Gives his views of effect on price of a reduction of duty on Cuban sugar..	69
Argument with Senator Teller as to power of trust to absorb the proposed reduction of duty.....	70
<b>Hitchcock, Frank H., testimony of:</b>	
Is chief of Foreign Markets Division, Department of Agriculture.....	263
Submits following tables:	
Average prices per pound of raw sugar imported 1891-1901, inclusive.....	274
Imports from Cuba 1891-1901, inclusive.....	275
Exports raw sugar from Cuba, 1898-1901, inclusive .....	275



	Page.
Hitchcock, Frank H., testimony of—Continued.	
Submits following tables—Continued.	
Value and export price of raw sugar exported from Cuba, 1898-1901, inclusive.....	275
Average market price of raw sugar in New York City (Willet & Gray), 1891-1901, inclusive.....	275
Weekly receipts and market value of imported raw sugar at United States ports, 1901 (Willet & Gray).....	276
Tables were prepared for use by the Department of Agriculture with reference to the beet-sugar industry.....	264
Explains the tables and his method of preparing them.....	264-274
The tables referred to contain the figures used by Mr. Leavitt in his testimony.....	263
Hamburg price of sugar ( <i>see</i> Sugar).	
Havemeyer does not hold mortgages on plantations Senado or Congreso (Mosle).....	233
Havemeyer holdings in Cuba (Browne).....	341-342
Havemeyer, H. O., subscription to sugar pamphlets circulation (Thurber) ...	427
Havemeyer not connected with Teresa or United Fruit Company estates (Kelly).....	146
Hawaiian sugar ( <i>see</i> Sugar).	
Hawaiian sugar surplus ( <i>see</i> Sugar).	
Howell, B. H., & Co.:	
American Sugar Refining Company sells them soft sugars (Havemeyer) ..	59
Have no relations with American Sugar Refining Company (Havemeyer) ..	59
Operate the National Sugar Refining Company's business (Havemeyer) ..	59
Immigration, Cuban, year ending December 30, 1901 (War Department) ...	309-315
Industrial Commission testimony (Havemeyer).....	12
Industrial Commission, explains his statement before (Havemeyer).....	25-27
Interest:	
Rates of, in Cuba, etc. (Kelly).....	161
Rates of, and methods of making loans, transportation charges, banking facilities (Browne).....	325, 326
Kelly, Hugh, testimony of.....	140
Engaged in West India trade.....	140
Gives his business connection with the following Cuban estates, their capacity, etc.:	
Central Teresa Sugar Company.....	140, 144, 145
Chaparra.....	140, 144, 145
Central Boston (United Fruit Company).....	141, 144, 145
Describes a centrale.....	141
Mr. H. O. Havemeyer is not connected with the Teresa or United Fruit Company.....	142
Gives names, capacity, etc., in connection with American plantations—	
Trinidad, Hormiguero, Francisco, Damuji (Constancia), Cape Cruz, Solidad, Cuban-American.....	142, 143, 144, 145
Grinding season is 120 days.....	146
One hundred and seventy-five to one hundred and eighty sugar mills in Cuba.....	146
The plantations enumerated produce now about 84,000 tons of sugar.....	147
The Cuban cane growers would get the benefit of any reduction of our duty on their sugar.....	147, 158
Illustrates this by Porto Rico, where cane now brings three times as much as in Cuba.....	147
Price paid the Cuban cane grower and how computed.....	147, 148
Limited number who grow all the cane they manufacture.....	148
Impossible for American refineries to absorb benefit of a reduction of duty.....	149, 158
Has been in sugar business over thirty years.....	149
Business largely confined to selling American sugar machinery and supplies.....	149
Gives cost, capacity, and holdings of—	
Central Teresa.....	150, 151
United Fruit Company.....	152, 154, 155
Brooks family plantations.....	153
Beattie & Co. plantations.....	154
Dos Hermanos (Fowler & Co.).....	168
About purchase of sugar lands by Americans.....	155

Kelly, Hugh, testimony of—Continued.	Page.
Value of sugar land.....	155
Business of Franklin Farrell.....	156
Wages of Cuban plantation labor and its character.....	165, 170
Railroad construction by Van Horne syndicate.....	157, 158
Effect of a reduction of duty on Cuban sugar.....	158, 159
His sales of Cuban sugar in 1902.....	160
Price of 96 degrees centrifugal May 12, 1902.....	160, 161
Rates of interest in Cuba and banking concerns.....	161
Deterioration of sugar.....	161, 162
Cause of fall in price.....	162, 163
Question of increased production of Cuban sugar.....	164, 165, 166, 169, 170
Character of trade with Cuba and its ultimate volume.....	166
Effect of free trade with Cuba.....	166, 167
At what price domestic beet sugar can be produced with profit.....	167
Leavitt, Heyward G., testimony of:	
Is a beet-sugar manufacturer in Nebraska.....	186
Gives a history of his connection with the business.....	186
Charges that the Cuban planter does not get the benefit of countervailing duty on beet sugar, and explains fully.....	187
Claims that the American refiner gets all the benefit of countervailing duty, and also part of the freight rate advantage on Cuban sugars..	188-190, 195, 202
Claims that American Sugar Refining Company controls the independent refiners.....	190, 200, 201
Deterioration of sugar in storage.....	190
The German cartel and its operations.....	191
The abolition of European bounties by the Brussels agreement and its effect.....	191-193
Explanation of surtax.....	193
Reference to Missouri River sugar war and facts concerning same.	195-199, 208-213
Claims that H. O. Havemeyer has tried to influence Congressional legislation on Cuban sugar.....	199
Charges that F. B. Thurber was connected with the Sugar Trust and employed by them.....	199, 200, 213
Claims that the American refineries absorb a part of the benefit accruing to Porto Rico free sugars.....	201, 202, 204, 205
Claims that the refiners rob the Louisiana planters of $\frac{1}{2}$ cent a pound on their sugar.....	202
Explains that his figures were obtained from the Agricultural Department of the United States.....	203
That they were favorably verified by figures of European statisticians....	203
Sugar trust influences.....	203-205
Claims that refiners would absorb most of the benefits from a reduction of duty on Cuban sugar.....	205, 206
The question of parity with Hamburg prices.....	206-208
Claims large purchases of Cuban property made recently by H. O. Havemeyer.....	215
Advocates direct appropriation of money to Cuban planter.....	215
Explains his views on repealing differential duty on refined sugar.....	215, 216
Reply to testimony of John Farr.....	410
Claims that it does not refute his previous testimony.....	410-414
Explains his method of securing prices of beet and cane sugars.....	412-415
Laborers:	
Morality and characteristics (Browne).....	330-331
Colonos and sugarmakers, methods of working and paying (Broussard) (see Kelly).....	288, 292, 302
Louisiana sugars (see Sugar).	
Lueder's sugar calculations.....	246, 247, 254
Manderson, Charles F., testimony of, ex-United States Senator from Nebraska:	
Gives a statement of his connection with the Missouri River sugar war.	219-232
Gives a statement of the development of the Nebraska beet-sugar industry.....	219-232
Meetings of committee.....	1, 30, 47, 88, 140, 174, 216, 233, 263, 283, 296, 323, 361, 380, 401, 416, 455
Mosle, George R., testimony of:	
Is a commission merchant and importer in West Indian trade under the title of Mosle Brothers.....	233
They act as sugar factors or selling agents.....	233

	Page.
Mosle, George R., testimony of—Continued.	
Denies statement of Mr. Bryson (page 104) concerning mortgages held by Mr. Havemeyer on Senado and Congresso plantations .....	233
Explains mistake of Mr. Bryson in regard to Sanchez Brothers .....	234
Gives an explanation of Mosle Brothers' connection with certain Cuban plantations .....	234, 235, 242, 243
How they dispose of Cuban sugars .....	236, 237, 243
About sugar in bonded warehouses .....	238, 239
They are holding 7,000 tons in storage in Cuba .....	239
Reports from their correspondents indicate 450,000 tons sugar held in storage in Cuba .....	240, 242
As to grinding of cane this season .....	240-242
Concerning their mortgage on Cuban properties .....	243
Critical condition of Cuban commercial interests .....	243, 244
Submits statement of Cuban sugar sold by them since January 1, 1902, with copies of all contracts .....	316-321
Mott, Henry C., testimony of .....	38-46
Is sugar buyer for American Sugar Refining Company .....	38
Employed by company and other companies now merged in it for twenty-five years .....	39
Buys all sugars except for New Orleans and California .....	39
Estimates old crop in Cuba, January 1, 1902, at 10,000 tons .....	39
Describes method of purchasing Cuban sugar, and from whom purchased ..	40
Estimates proportion of foreign sugar purchased by American Sugar Refining Company .....	41
Submits table of purchases of Cuban sugar by American Sugar Refining Company, January 1 to April 30, for years 1890 to 1902, inclusive .....	41
Submits itemized table of purchases of Cuban sugar, February 19 to April 26, 1902 .....	42
Prices of Cuban sugar purchased February 19 to April 26, 1902 .....	43
Total purchases January 1 to April 26, 1902, 93,000 tons .....	43
Has made all purchases of Cuban sugars for company .....	44
No contracts or options made for future delivery .....	44
Price of European raw sugar fixes price of Cuban raw sugar .....	44
Price f. o. b. Hamburg is cabled daily from London .....	44
Price of Cuban sugar rarely varies from parity over one-sixteenth cent per pound .....	44
Explains cause of variation of price .....	45
Reduction of duty on Cuban sugar would not reduce price to purchaser, and why .....	45
Owner of the sugar would get the benefit .....	45
Price of Porto Rican sugar now free of duty is same as price of other duty paid sugar .....	46
Quotations received daily of Java sugar .....	46
Submits statement of Cuban sugars purchased by trust (American Sugar Refining Company) from October 1, 1901, to January 1, 1902, January 1, 1902, to February 19, 1902 .....	75
Statement of Cuban sugars purchased and shipped January 1, 1902, to April 30, 1902 .....	76
Statement of Cuban sugars purchased in New York, January 1, 1902, to April 30, 1902 .....	76
Amount drawn against sugars held in Cuban warehouses .....	76
Also table of recapitulation of above .....	77
Explains his method of purchasing sugar through brokers .....	77-78
Quoted market price in New York is the last published selling price of day previous .....	78
Market prices and their variations and causes .....	79
More fluctuations in price of raw than refined .....	79
Refined generally advances when raw sugar advances .....	80
Explains methods of quoting prices as set out in brokers' bulletins .....	80-82
Never contracts with plantations for their crops, but buys through New York brokers .....	83
Bill of lading would show the shipping point .....	84
Storage facilities in New York and their cost .....	84
Deterioration of sugars .....	84-85
Company does not store sugars, but tries to buy according to requirements of meltings .....	86

	Page.
Mott, Henry C., testimony of—Continued.	
Cuban sugars are sold both on invoice weight guaranteed and landing weight .....	86
Shipper always has to make good any short weights.....	86-87
Company deals in long tons altogether.....	87
Statement of Cuban sugars purchased by American Sugar Refining Company, April 27 to May 6, 1902.....	308
Statement of raw sugars used by American Sugar Refining Company during year 1901 .....	308
Missouri River controversy ( <i>see</i> Havemeyer; Leavitt; Manderson):	
Cut-rate contracts of the beet-sugar manufacturers (Havemeyer) .....	50
Further statement concerning refined-sugar dealings (Havemeyer) .....	47
Missouri River sugar war and facts concerning same (Leavitt) ....	195-199, 208-213
Missouri River sugar war, statement of his connection (Manderson) .....	219-232
Molasses, profit from manufacture into rum (Broussard) .....	293
Mosle Brothers, connection with certain Cuban sugar estates (Browne) .....	342
National Sugar Refining Company, holdings in Cuba (Browne) .....	341-342
Oehler, John, testimony of, printed "Facts about sugar" and gives his connection therewith .....	217-219
Palmer, Truman G., testimony of:	
In 1891 was engaged in orchard planting in California. Since then engaged in promoting beet-sugar production, but not now so interested .....	360, 361
In newspaper business all his life.....	379
Submits detailed statements of facts connected with Cuban estates as disclosed by evidence before the Spanish Treaty Claims Commission and otherwise:	
First: Cuban sugar estates owned by American corporations .....	361-370
Recapitulation .....	370
Summary.....	370-371
Second: Cuban sugar centrales owned by American citizens.....	371-378
Recapitulation .....	378
Summary.....	378-379
Comparison with list of estates given by War Department of Cuban holdings.....	380
Additional American corporations.....	380, 381, 382
Additional Cuban-American corporations .....	382
Third: Summary of Cuban-American corporations.....	383
Wall street Cuban and American sugar interests.....	383-384
Fourth: Cuban sugar centrales owned by American citizens residing in Cuba.....	384-388
Recapitulation .....	388
Summary.....	388
Fifth: Estates which do not manufacture sugar, but grow cane, owned by American citizens residing in the United States .....	388-390
Recapitulation .....	390
Summary.....	390
Sixth:	
Estates which grow cane to sell, owned by American citizens residing in Cuba.....	391-396
Recapitulation .....	395
Summary.....	396
General summary .....	396, 397
Explanation of conflicting estimates of production .....	398, 399
No personal knowledge of any of the sugar estates of which he has submitted lists .....	401
Output as distinguished from capacity .....	401, 402
Methods of averaging capacity and output.....	402-407
Who is a Cuban.....	407, 408
Estimates of cane lands in Cuba .....	409
Preston, Andrew W., president of the United Fruit Company, testimony of:	
Gives facts as to character of corporation, its property holdings, business, etc .....	277
Gives their sugar output at Port au Banes, Cuba.....	278
States how it is marketed .....	278
Describes how they purchase cane.....	281, 282
Is interested individually in a large property, not sugar land, on Nipe Bay, and gives names of co-owners, etc .....	279-281
List of stockholders in Nipe Land Syndicate .....	322

Porto Rican sugar ( <i>see</i> Sugar).	
Price of sugar ( <i>see</i> Sugar).	
Price, how controlled ( <i>see</i> Sugar).	Page.
Price in Hamburg controls price of all sugar (Havemeyer) .....	8
Prices paid for sugar (Havemeyer) .....	2, 4
Purchases of sugar ( <i>see</i> Sugar).	
Rionda, Manuel, testimony of.	
Is a sugar broker, member of the firm Czarnikow, McDougall & Co.....	88
They have sugars stored now in New York.....	89
Gives their business connections with Cuban houses and plantations.....	89
They sell about one-fourth of Cuban crop .....	89
His firm publish statistics.....	89
Submits statistics of output of refined sugar by United States refineries...	91
Receipts of foreign sugars in the United States, 1899 to 1901 .....	91, 95
Total consumption of sugars in United States, 1899-1901 .....	91, 96
Decline of English refining interests .....	92
Detailed tables of the above.....	92, 93
Also a statement of sales of Cuban sugar by his firm, and to whom, from January 1 to May 2, 1902 .....	94, 95
Sales of same for deferred shipment.....	95
Grinding of cane in Cuba, when it commences and ends .....	96
Method of selling sugars .....	97
Sales of sugar by his firm in the United States, 1899 to 1901 .....	97
Germany, the largest producer, fixes price of sugar .....	98
How beet sugars are sold .....	98
Generally no variation from parity in price of beet and cane sugars .....	98
Whenever there is a variation, how it is caused .....	98
Explains certain fluctuations in prices .....	180, 181
Cuban sugars sold below a parity are exclusively cargoes in port—"Car- goes in distress" .....	98
Sugars do not sell below the parity of beets in the producing countries...	99
Explains how a reduction of duty on Cuban sugar will increase the price in Cuba .....	99, 100
But its parity in New York with Hamburg price will remain unchanged ..	100
Gives reasons therefor .....	100-101
Shows why the trust can not absorb the reduction of duty .....	101
Failure to reduce duty on Cuban sugar would probably bring on a panic in Cuba .....	102
Concerning storage of sugar by his firm in Cuba.....	174-175
Explains their connection with plantations Providencia, La Julia and La Flora, Tuiniucu, San Antonio, and Rosario, and their character and out- put.....	176, 177
American Sugar Refining Company their largest customer.....	178
Gives statement of sales of Cuban sugar to American refineries by his firm..	178
Explains effect of abolishing countervailing duties.....	178, 179, 180
The fluctuations in market price of raw sugars.....	180, 181
The storage of sugars and charges therefor .....	181, 182
How accumulations of sugars in New York affect the parity of prices ..	181, 185
New York market always lower than Philadelphia market, and why ....	182
Sources of supply of raw sugars, and when marketed by the respective countries .....	183, 184, 185
All cane-sugar countries get the benefit of price from our countervailing duties on bounty sugars.....	184
Explanation of sales to the refineries by his firm since January 1, 1902...	185
Railroad construction by Van Horne syndicate (Kelly).....	157, 158
Refineries ( <i>see</i> Sugar).	
Refineries can not absorb the amount of duty that may be taken off (Kelly) .....	149, 158
Resolution of inquiry .....	1
Spanish who retained their nationality. Table of (War Department).....	138-139
Stay laws in Cuba (Browne) .....	329, 330
Sugar ( <i>see</i> Prices).	
Sugar ( <i>see</i> Countervailing duties) (Wiley):	
Advances of money on Cuban sugar by Havemeyer (Browne) .....	348-351, 354
Cuban—	
Advances made by local banks and bankers (Havemeyer).....	13
No advances made on (Havemeyer).....	13



Sugar, etc.—Continued.	Page.
How <i>advances</i> are made on (Browne).....	327
<i>Beet Industry</i> . History of his connection with (Leavitt).....	186
Domestic <i>beet sugar industry</i> a rival of the refineries because it refines (Havemeyer) .....	19-20
<i>Beet industry</i> of the United States. Statement of its development (Manderson).....	219-232
<i>Beet</i> establishments, has personal interests in (Havemeyer) .....	69
<i>Beet</i> , capacity of <i>Spreckels refinery</i> 28,000 tons.....	68
<i>Beet</i> , American Sugar Refining Company producers of (Havemeyer) .....	68
United States can produce <i>beet sugar</i> enough to supply present consumption (Wiley).....	447, 448
From <i>beets</i> , none produced at profit in United States (Wiley).....	442-443
<i>Beets</i> , reduction in <i>sowings</i> in Europe (Wiley).....	444
Raw. Tables prepared in connection with investigation of the <i>beet sugar industry</i> (Hitchcock) .....	264, 274, 276
<i>Beet sowings</i> in Europe. Estimated reduction (Willett).....	468-470
<i>In bond</i> , why kept at the lowest point (Farr) .....	258
Cuban <i>in bond</i> in New York; 30,000 tons (Farr).....	258
<i>In bonded warehouses</i> in New York, runs from 50,000 to 100,000 tons (Havemeyer) .....	66
<i>In bonded warehouses</i> in New York (Mosle) .....	238, 239
Cuban, held in <i>bonded warehouse</i> at New York, Boston, and Philadelphia, April 1, 1902 (Treasury Department).....	245
<i>Bounties</i> . Abolition by Brussels agreement and its effect (Leavitt) ....	191-193
Opposes <i>bounty</i> on domestic (Wiley) .....	447
<i>Bounty</i> laws of Europe. Effect of repeal (Willett).....	467-470
<i>Bounty</i> system. How to destroy (Wiley).....	441, 442
<i>Bounty</i> on, who paid by (Wiley) .....	440
<i>By-products</i> , disposition of (Broussard) .....	291-293
<i>Calculations</i> of Mr. Lueder (Farr) .....	246, 247, 254
<i>Cane</i> —	
Eighteen tons to acre in Louisiana, 30 to 45 tons in Cuba (Broussard) .....	293, 294
Delivered costs Cuban planter nothing as compared with cost to beet sugar and Louisiana planters (Broussard).....	293
Cuban. Once planted does not need much cultivation (Bryson) ....	113
<i>Growing</i> in Cuba, cost of, and profit (Browne) .....	332-333
<i>In Cuba</i> . Handling of, by independent growers, and allowance of sugar (Browne) .....	332-334
<i>Growers</i> of Porto Rico now get three times as much as Cubans for their cane (Kelly) .....	147
<i>Cartel</i> bounty for 1901 and its amount (Wiley) .....	437
<i>Cartel</i> of Germany and its operations (Leavitt) .....	191
<i>Cartel</i> of Germany; its operation and effect fully shown (Willett) ..	459-464, 467
<i>Cartel</i> of Germany and its purpose (Wiley).....	437
Countervailing duty on, should equal <i>cartel</i> and Government bounty (Wiley) .....	438-441
<i>Cane</i> . Effect of bounty and <i>cartel</i> on (Wiley) .....	438
Hawaiian, Louisianian, and Porto Rican. Effect of <i>cartel</i> and bounty system on (Wiley) .....	445
Overproduction caused by bounty and <i>cartel</i> (Wiley) .....	446
<i>Centrale</i> described (Kelly) .....	140-168
<i>Centrales</i> , number 223 working on this year's crop (Browne) .....	323
<i>Centrales</i> owned by each nationality (Browne) .....	331-332
<i>Ingenio</i> and <i>centrale</i> are the same thing (Browne) .....	323
Plantations. Description of <i>colono</i> system and method of selling cane (Bryson) .....	108-109
Cuban. Agent purchasing, secures <i>commission</i> from seller (Havemeyer) ..	14
<i>Beet</i> and cane, <i>competition</i> between (Farr) .....	259
Increased <i>consumption</i> of (Willett).....	469, 470
World's <i>consumption</i> (Wiley) .....	443
Total <i>consumption</i> sugars in United States 1899-1901 (Rionda).....	91-96
<i>Consumption</i> of Cuba (Willett) .....	465
Hawaiian; 130,000 tons <i>consumed</i> on Pacific Coast (Havemeyer) .....	52
Cost of making, in Germany (Willett) .....	470
Countervailing duty of East Indian government (Wiley) .....	440



## Sugar, etc.—Continued.

Page.

<i>Countervailing duties</i> are absorbed by the American Sugar Refining Company (Leavitt) .....	188-190, 195, 202
Cuban. Denies that refiner absorbs <i>countervailing duty</i> , as claimed by Mr. Leavitt; submits figures (Farr) .....	246, 250-253, 254, 261
<i>Countervailing duties</i> against bounty sugar have benefited all cane-growing countries (Rionda) .....	184
Producer of Cuba gets benefit of <i>countervailing duty</i> , and submits actual transactions (Farr) .....	249-253, 260
<i>Countervailing duties</i> against bounty sugar have not given better price to the Cuban planter (Leavitt) .....	187
Effect of abolishing <i>countervailing duties</i> on bounty-paid sugars (Rionda) ..	178, 179, 180
Hawaiian. Planters own the <i>Crockett refinery</i> in California (Havemeyer) ..	53
Crop of Cuba—	
Estimates of (Willett) .....	465
When disposed of (Farr) .....	259
Tables of statistics thereon (War Department) .....	71-74
Twenty per cent Spanish, 50 per cent American, 30 per cent Cuban (Bryson) .....	112
Estimates Cuban <i>crop</i> 1902 and also statement of previous annual crops (Havemeyer) .....	3
Crop excess for 1901, 1,000,000 tons (Havemeyer) .....	19
Held in <i>Cuba</i> (Havemeyer) .....	2
Cuban ( <i>see</i> Cuban sugars) .....	3
Cuban—	
How he disposes of them (Mosle) .....	236, 237, 243
Recapitulation of tables (Mott) .....	77
Almost all hypothecated to money lenders, who would secure any benefit from reduction of duty (Broussard) .....	283, 294, 295, 299
Amount drawn against sugars held by American Sugar Refining Company in Cuban warehouses (Mott) .....	76
Reduction of duty would not benefit laborers, as all have been paid (Broussard) .....	285
Reduction of duty would benefit no more than 2 per cent of Cuban and Spanish planters and manufacturers (Broussard) .....	284
Can not be bought relatively cheaper than other sugar (Havemeyer) ..	9
If withheld from market, an inexhaustible supply of beet sugar can be obtained (Havemeyer) .....	64
Must be marketed whether duty is reduced or not (Havemeyer) .....	64
Is not limited in its market to the United States (Havemeyer) .....	56
Why it comes to the United States (Havemeyer) .....	28-29
Cultivation in Cuba, methods of (Browne) .....	329, 343
Cane <i>cultivation</i> described, character of the soil, etc. (Broussard) ...	286-288, 291
Deterioration of (Mott) .....	84, 85
Deterioration of sugar (Kelly) .....	161, 162
Deterioration of in storage (Havemeyer) .....	62
Deterioration of in storage (Leavitt) .....	190
Refined. His views on repeal of <i>differential duty</i> (Leavitt) .....	215, 216
English duty on (Willett) .....	457-458
Estates. ( <i>See</i> sugar plantations.) .....	
German import <i>duty</i> on (Willett) .....	471
Raw, table of <i>exports</i> from Cuba, 1898-1901 (Hitchcock) .....	275
Facts about .....	121-138
Facts about ( <i>see</i> "Facts about sugar") .....	217-219
Receipts of <i>foreign</i> , in United States, 1899 to 1901 (Rionda) .....	91-95
American Sugar Refining Company, principal consumer of <i>foreign</i> (Havemeyer) .....	5
Advantage of <i>freight rate</i> on Cuban sugar absorbed by American Sugar Refining Company (Leavitt) .....	188-190, 195, 202
Cuban—	
No contracts or options made by American Sugar Refining Company for <i>future delivery</i> (Mott) .....	44
Raw, does not <i>grade</i> over 95½ degrees (Broussard) .....	284
Grinding of Cuban cane—season (Rionda) .....	96
Cane—	
Grinding in Cuba still going on (Willett) .....	466

## Sugar, etc.—Continued.

## Cane—Continued.

Page.

<i>Grinding</i> , why completed early in year (Browne).....	327, 328
<i>Grinding</i> season (Kelly) .....	146
Has all been <i>ground</i> this year (Browne) .....	323, 327
<i>Hawaiian</i> —	
Contracts for, held by American Sugar Refining Company past four years (Havemeyer) .....	52
Terms of contract with the American Sugar Refining Company (Havemeyer) .....	53
Raw, table of <i>imports</i> from Cuba, 1891-1901 (Hitchcock) .....	275
German refined beet, <i>importations</i> (Farr) .....	259
Cuban, <i>imported</i> for transit to Canada October 1, 1901 to April 30, 1902 (Treasury Department) .....	308
<i>Imported</i> from Cuba October 1, 1901 to April 30, 1902 (Treasury Department) .....	307
<i>Imported</i> by American Sugar Refining Company at New York, Philadelphia, and Boston (Havemeyer) .....	60
Raw, weekly <i>receipts</i> and market value, imported 1901 (Hitchcock) .....	276
Question, his <i>investigation</i> in Cuba (Broussard) .....	282
Planter in Cuba, greatest difficulty, scarcity of <i>labor</i> (Broussard) .....	285
<i>Lands</i> of Cuba purchased by Americans (Kelly) .....	155
Producing <i>lands</i> in Cuba not acquired by American Sugar Refining Company .....	10
<i>Lands</i> uncultivated, amount of (Browne) .....	325-326
<i>Lands</i> in Cuba cost \$1.50 to \$3 per acre in natural state, and \$10 to \$15 when cleared (Broussard) .....	294
<i>Legislation</i> influenced by H. O. Havemeyer (Leavitt) .....	199
Spanish merchants' method of banking and <i>lending money</i> (Browne) ...	329-330
As to his information and facts regarding <i>loans</i> on sugar (Broussard) ...	298, 299
Cuban. Twenty per cent held by Spanish as security for <i>loans</i> (Bryson) .	107
<i>Louisiana</i> —	
Necessity for marketing it causes 40 per cent to be re-refined (Havemeyer) .....	7
First runnings are at once converted into refined (Havemeyer) .....	7
Subsequent runnings are made into brown or muscovado (Havemeyer) .....	7
Suitable for consumption without refining (Havemeyer) .....	7
Planters of <i>Louisiana</i> robbed of three-eighths cent per pound on their sugars by the refiners (Leavitt) .....	202
<i>Machinery</i> of up-to-date quality in only 5 centrales (Browne) .....	323
<i>Mills</i> in Cuba—175 to 180 (Kelly) .....	146
Cuban, <i>output</i> : American, 40 per cent; Spanish, 30 per cent; Cuban, 20 per cent; foreign, 10 per cent (Browne) .....	332, 359
<i>Output</i> , provinces Habana, Matanzas, and Santa Clara, 700,000 tons (Broussard) .....	283
<i>Output</i> as distinguished from capacity (Palmer) .....	401-407, 409, 410
<i>Circulars</i> and <i>pamphlets</i> , has had no connection with (Willett) .....	466, 467
<i>Circulars</i> . No personal knowledge of Mr. Havemeyer's connection with (Willett) .....	467
<i>Pamphlets</i> —	
Issued by United States Export Association (Thurber) .....	420, 428-436, 449-455
How printed, published, and circulated (Thurber) .....	421-425
Who was consulted in <i>circulation</i> (Thurber) .....	427
Pamphlet <i>expenses</i> , contribution of H. O. Havemeyer (Thurber) .....	427
<i>Plantations</i> in Cuba (Havemeyer) .....	14
Product of (Havemeyer) .....	10
Explanation of connection of Mosle Brothers (Mosle) ....	234, 235, 242, 243
Capacity, ownership, etc. (Bryson) .....	103-111
Ownership, capacity, etc. (Kelly) .....	140-168
Connection of his firm therewith, and their capacity, output, etc. (Rionda) .....	176, 177
<i>Plantation</i> . Visited one plantation only, in detail (Broussard) .....	297
<i>Plantations</i> —	
(Senado and Congresso) owned by Sanchez Brothers, but H. O. Havemeyer, through Mosle Brothers, holds mortgage on them (Bryson) .	104
Wages and character of labor (Kelly) .....	156, 165, 170

## Sugar, etc.—Continued.

	Page.
<i>Estates in Cuba—</i>	
Ownership, production, etc. (Browne).....	347-355
Lists prepared by Nestor M. Quintero (Browne).....	346
Connection of Havemeyer therewith (Browne).....	348-351, 354
Connection of Mosle Brothers (Browne).....	342
Detailed statements of facts connected therewith (see testimony of Truman G. Palmer).....	360-401
Cuban <i>estate</i> lists, does not vouch for them (Browne).....	346, 347
<i>Estates.</i> Submits statement of <i>ownership</i> (Browne).....	336-341
<i>Estates</i> of Cuba and their mortgage thereon (Mosle).....	242, 243
<i>Estates</i> of <i>Sanchez Brothers.</i> Explains mistake of Bryson (Mosle).....	234
<i>Properties</i> in Cuba, gives cost, capacity, etc., of certain (Farr).....	254-257
<i>Cuban property</i> , large purchases recently by Havemeyer (Leavitt).....	215
<i>Planters—</i>	
Of Cuba. Nationality and residence (War Department).....	173, 174
Indebtedness of, and transfers of property (Browne).....	324
Ability to pay off debts (Browne).....	325
Of Cuba would be benefited by a direct appropriation (Leavitt).....	215
Benefit accruing to <i>Porto Rican</i> free sugars absorbed in part by the refiners (Leavitt).....	201, 202, 204, 205
Crop of world controls <i>price</i> (Havemeyer).....	18
<i>Prices</i> paid for (Havemeyer).....	2
Fluctuation in <i>prices</i> is caused by Hamburg beet-sugar market (Havemeyer).....	18
Raw. Fluctuations in market <i>price</i> (Rionda).....	180-181
Explains variation and fluctuation in <i>prices</i> (Rionda).....	98, 180-181
More fluctuation in <i>price</i> of raw than refined (Mott).....	79
Market <i>prices</i> , their variation and the causes (Mott).....	78
Cause of variation of <i>price</i> (Mott).....	46
<i>Price</i> of refined generally advances when raw advances (Mott).....	80
Cause of fall in <i>price</i> (Kelly).....	162, 163
Fall in <i>price</i> due entirely to <i>cartel</i> (Wiley).....	443
Raw. Effect of <i>cartel</i> in reducing <i>price</i> (Wiley).....	437
Cartels. Effect in reducing the <i>price</i> of sugar (Wiley).....	436, 437, 446, 447
<i>Price</i> of, how increased by full <i>countervailing duty</i> (Wiley).....	440
Lower legitimate <i>prices</i> will increase consumption (Wiley).....	445, 447, 448
Raw and <i>refined</i> , comparison of reduction in <i>prices</i> of (Wiley).....	439, 440
<i>Prices</i> in Cuba governed by New York prices and New York prices by Hamburg (Willett).....	457
<i>Prices</i> in New York only vary slightly from Hamburg at times (Willett).....	457
Parity of New York <i>prices</i> with Hamburg denied (Leavitt).....	206-208
New York market <i>price</i> always lower than Philadelphia, and why (Rionda).....	182
Raw. Average market <i>price</i> in New York City, 1891-1901 (Hitchcock).....	275
Market <i>price</i> in New York as quoted is last published selling price of previous day (Mott).....	78
Cuban, raw. <i>Price</i> fixed by European sugar (Mott).....	44
<i>Price</i> of, fixed for the world by Hamburg (Wiley).....	439
<i>Price</i> fixed by largest producer (Germany) (Rionda).....	98
Raw. <i>Price</i> of, at New Orleans as fixed by trust (Broussard).....	299, 300
Cuban. <i>Price</i> will be dictated by sugar trust (Broussard).....	295, 299
Passes at market <i>price</i> , but Hamburg price is controlled more in the United States than in Hamburg (Browne).....	327, 355
Hamburg <i>price</i> of, and its control by American Sugar Refining Company (Browne).....	355-356
What the parity with Hamburg <i>price</i> means (Farr).....	250
Cuban <i>price</i> rarely varies from parity, over one-sixteenth of cent per pound (Mott).....	44
Does not sell below a parity with beet-sugar <i>price</i> in the producing country (Rionda).....	99
Beet and cane, generally no variation from parity of <i>price</i> (Rionda).....	98
New York parity with Hamburg <i>price</i> would remain unchanged under reduction of duty on Cuban sugar, and why (Rionda).....	100
Accumulations of sugar in New York, how they affect parity of <i>prices</i> (Rionda).....	181, 185
Sold in New York, explains variations from parity with Hamburg <i>prices</i> (Farr).....	248, 249

## Sugar, etc.—Continued.

	Page.
Prices of f. o. b. Hamburg—	
Compared with New York prices, monthly 1894 to 1902 (Farr).....	247-248
Cabled daily from London (Mott) .....	44
June 1, 1900, and June 1, 1902 (Wiley) .....	436-437
Beet—at what <i>price</i> it can be produced with profit (Kelly) .....	167
Price of 96 degree, May 12, 1902 (Kelly).....	160
Cuban—	
Why refiners will pay same <i>price</i> notwithstanding any reduction of duty (Havemeyer) .....	56-57
Effect on <i>prices</i> from a reduction of duty (Havemeyer).....	69
Why reduction of duty would leave <i>price</i> unchanged and give Cuba the benefit (Mott).....	45
When sold below parity of Hamburg <i>price</i> is confined to cargoes in port or "distress cargoes" (Rionda).....	98
<i>Prices</i> of (Mott) .....	42
<i>Price</i> of, not controlled by American Sugar Refining Company, and why (Havemeyer) .....	8
Sold in New York because it realizes best <i>price</i> there (Havemeyer)..	56
Raw. Value and export <i>price</i> from Cuba, 1898-1901 (Hitchcock).....	275
Porto Rican. Realizes <i>price</i> of duty-paid sugar, although it enters United States free (Mott) .....	46
Lower <i>prices</i> of Cuban, result from lower prices of beet sugar (Havemeyer) ..	4
<i>Price</i> of, in Germany for home consumption (Willett) .....	470
Hawaiian. <i>Price</i> of, under contract with American Sugar Refining Company (Havemeyer).....	66
West Indian. Effect of present low <i>prices</i> on production (Farr) .....	262
Raw. Table of average <i>prices</i> per pound on imported, 1891-1901 (Hitchcock).....	274
Congestion of supply of, might lower <i>price</i> one-sixteenth of a cent (Havemeyer) .....	9
Java. Quotations of <i>prices</i> received daily in New York (Mott) .....	46
Method of quoting prices in <i>brokers'</i> bulletins (Mott) .....	80-82
Cost of <i>producing</i> (Browne) .....	324
World's <i>production</i> and <i>consumption</i> .....	471
<i>Production</i> of all, and visible supply October 1, 1897, to 1902 (Havemeyer) ..	57
Both cane and beet, increase of <i>production</i> (Willett) .....	468
Surplus <i>production</i> on hand (Wiley) .....	443
<i>Production</i> of Cuba, new crop (War Department).....	172
Cuban, question of increased <i>production</i> of (Kelly) .....	164-166, 169, 170
<i>Production</i> , effect of out-of-date machinery, heavy freight charges, taxation, lack of laborers, immigration, etc. (Browne).....	334-336
<i>Production</i> of, in United States (Havemeyer).....	5
<i>Production</i> of refined, by American Sugar Refining Company (Havemeyer) ..	5
Beet <i>production</i> of United States and Germany compared (Wiley) .....	447-449
Cuban, no competition in the <i>purchase</i> of (Browne).....	327
Cane, method of <i>purchasing</i> (Preston) .....	281-282
<i>Purchases</i> (Havemeyer).....	2, 3, 4
How <i>purchased</i> (Havemeyer) .....	3
Trust does not <i>purchase</i> through brokers (Havemeyer).....	17-18
Never contracts for plantation crops, but <i>buys</i> through New York brokers (Mott).....	83
Explains method of <i>purchasing</i> sugar through brokers (Mott) .....	77, 78
Cuban, method of <i>purchasing</i> (Mott) .....	39-40
<i>Purchases</i> in Cuba, agents used for (Havemeyer) .....	12
<i>Purchases</i> of Cuban, less than two weeks' supply (Havemeyer) .....	4
Cuban—	
Mostly <i>purchased</i> in Habana (Havemeyer) .....	13
Methods of <i>purchasing</i> in Cuba and in New York by all refiners (Havemeyer) .....	54-55
<i>Purchased</i> by American Sugar Refining Company (Mott).....	75, 76
<i>Purchased</i> by American Sugar Refining Company—	
April 27 to May 6, 1902 (Mott) .....	308
January 1 to April 30, 1902, 1901, and 1900 (Mott).....	41
February 19 to April 26, 1902 (Mott) .....	42
<i>Purchases</i> for American Sugar Refining Company all made by Mr. Mott (Mott) .....	44

## Sugar, etc.—Continued.

## Cuban—Continued.

Page.

Total <i>purchases</i> by American Sugar Refining Company February 19 to April 26, 1902, 93,000 tons (Mott) .....	43
From whom <i>purchased</i> (Donner) .....	32
All <i>purchases</i> paid for by American Sugar Refining Company (Donner) ..	30-32
All <i>purchases</i> by company have been paid for (Donner) .....	31
German beet, <i>purchases</i> by American Sugar Refining Company (Havemeyer) .....	11
Duty of American Sugar Refining Company to secure <i>cheapest material</i> (Havemeyer) .....	5
<i>Quantity</i> in Cuban cane much greater than in Louisiana cane (Broussard) .....	290
Cuban—	
Argument with Senator Teller as to power of American Sugar Refining Company to absorb any <i>reduction of duty</i> (Havemeyer) .....	70
<i>Reduction</i> of duty would increase price in Cuba (Rionda) .....	99-100
<i>Reduction</i> of duty could not be absorbed by refining trust (Rionda) ..	101
Refining industry could get no benefit from <i>reduction of duty</i> on (Havemeyer) .....	64
<i>Reduction of duty</i> would result in no benefit to consumer (Havemeyer) ..	64
Refiners would absorb most of benefit from a <i>reduction of duty</i> on (Leavitt) .....	205, 206
Effect of a <i>reduction of duty</i> on (Kelly) .....	158, 159
Failure to <i>reduce</i> duty on, probably cause a panic in Cuba (Rionda) ..	102
<i>Reduction of duty</i> on, would go to benefit of Cuban cane growers (Kelly) ..	147, 158
Refineries—	
Capacity of <i>Spreckels</i> (Havemeyer) .....	17
American Sugar Refining Company has joint ownership in <i>Spreckels refineries</i> (Havemeyer) .....	6, 17
In the United States, list of (Havemeyer) .....	6
Control of <i>independent refineries</i> by the trust (Browne) .....	356-359
Capacity of <i>England</i> (Havemeyer) .....	27-28
Decline of <i>English</i> (Rionda) .....	92
Effect of removing tariff (Havemeyer) .....	28
Output of refined sugar by <i>American sugar refineries</i> (Rionda) .....	91
Raw. Monthly <i>requirements</i> of American Sugar Refining Company, 140,000 tons (Havemeyer) .....	58
Explanation of <i>sales</i> by his firm to refineries since January 1, 1902 (Rionda) .....	185
<i>Sales</i> by his firm in the United States 1899-1901 (Rionda) .....	97
Table of sales by Mosle Brothers since January 1, 1902, with contracts (Mosle) .....	316, 321
Cuban—	
<i>Sales</i> by his firm to American refineries (Rionda) .....	178
<i>Sales</i> by his firm and to whom, January 1 to May 2, 1902 (Rionda) ..	94-95
<i>Sales</i> by him, 1902 (Kelly) .....	160
<i>Sells</i> one-fourth of crop (Rionda) .....	89
Method of <i>selling</i> (Rionda) .....	97
Beet, how <i>sold</i> (Rionda) .....	98
<i>West Indian</i> , how sold (Farr) .....	258
Describes how <i>sold</i> to them through brokers in New York (Havemeyer) ..	61
Cuban <i>shipped</i> to American Sugar Refining Company February 19 to April 30, 1902 (Mott) .....	42
None was being <i>shipped</i> (Broussard) .....	285
<i>Purchases</i> . Bill of lading would show <i>shipping</i> point (Mott) .....	84
Hawaiian. Balance of crop <i>shipped</i> East (Havemeyer) .....	52
<i>Statistical Journal</i> (Willet & Gray), character of publication (Willet) ..	456
<i>Statistics</i> were obtained from the U. S. Agricultural Department (Leavitt) ..	203
Raw—	
Tables of Hitchcock contain figure used by Mr. Leavitt (Hitchcock) ..	263
Explains table submitted and <i>method</i> of preparation (Hitchcock) ..	264-274
<i>Storage</i> of (Donner) .....	34-35
<i>Storage</i> of and charges (Rionda) .....	181-182
In <i>storage</i> deteriorates (Havemeyer) .....	62
Held by them in <i>storage</i> in Cuba (Mosle) .....	239



Sugar, etc.—Continued.	Page.
Held in Cuban <i>storage</i> 450,000 tons (Mosle) .....	240, 242
Stored in Cuba by his firm (Rionda) .....	174, 175
In Habana <i>warehouses</i> on specified dates, 1898 to 1902 ( War Department) ..	316
Storage in Cuba not paid by purchaser (Havemeyer) .....	5
Storage of, in New York (Rionda) .....	89
Storage facilities of New York, and the cost (Mott) .....	84
In New York <i>storage</i> —	
Six months would cost one-half cent per pound for expenses (Havemeyer) .....	63
Has known of accumulation of 200,000 tons (Havemeyer) .....	61
American Sugar Refining Company—	
Never stores in New York (Havemeyer) .....	63
Do not <i>store</i> , but buy to meet melting demand (Mott) .....	86
Supply required for American Sugar Refining Company (Havemeyer) ....	4
Sources of <i>supply</i> (Havemeyer) .....	3
Raw—	
Sources of <i>supply</i> , and when marketed by respective countries (Rionda) .....	183-185
Used by American Refining Company, year 1901 .....	308
Surplus for year 1902 over one million tons (Havemeyer) .....	58
Hawaiian <i>surplus</i> goes to trust in Philadelphia and New York (Havemeyer) .....	17
Testimony before Ways and Means Committee (Wiley) .....	437
Planter of Cuba has every advantage except <i>transportation</i> , over Louisiana (Broussard) .....	286
Tax of Germany .....	471
Java is bought on <i>out-turn test</i> (Havemeyer) .....	63
Are paid for on delivered <i>test</i> (Havemeyer) .....	62
Trust—	
Influences (Leavitt) .....	203, 204, 205
F. B. Thurber connected therewith (Leavitt) .....	199, 200, 213
Output, <i>United Fruit Company</i> in Cuba and how marketed (Preston) .....	278
Bought either on guaranteed invoice <i>weight</i> or on landing weight (Mott) ..	86
Beet and cane, relative <i>value</i> (Farr) .....	261-262
Bought and sold by long <i>ton weight</i> (Mott) .....	87
Shipper makes good short <i>weights</i> (Mott) .....	86-87
Surtax, explanation of (Leavitt) .....	193
Thurber, Francis B., testimony of:	
Is president of United States Export Association and practices law .....	416-418
Explains his failure to sooner appear in obedience to request of the committee .....	416-417
Appeared before House Committee on Ways and Means, and states his purpose .....	418
Explains line of work of the United States Export Association .....	419-420
Submits copies of printed pamphlets issued by the association on the question of Cuban sugar .....	420, 428-436, 449-455
Printing and publishing same, how paid for .....	421-425
Who the circular letters and pamphlets were sent to .....	425
Copies of vouchers for amounts paid by the Cuban insular government to the United States Export Association .....	422, 471
Consulted members of the Cuban committee in reference to circulating the pamphlets .....	427
Received a subscription from Mr. H. O. Havemeyer toward expenses ....	427
Treasury Department:	
Bureau of Statistics—	
Statement of cane sugar imported from Cuba October 1, 1901, to April 30, 1902 .....	307
Statement of cane sugar imported from Cuba for transit to Canada October 1, 1901, to April 30, 1902 .....	308
Statement of Cuban sugars held in bond April 1, 1902, at ports of New York, Boston, and Philadelphia .....	245
United Fruit Company, character, property, business, etc. (Preston) .....	277
United States Export Association, its object and work (Thurber) .....	419-420
Van Horne, W. C., president Cuba Company, letter concerning that company ..	214, 215
Van Horne Syndicate (Kelly) .....	157, 158



## Wiley, H. W., Prof., testimony of:

Page.

Claims that our countervailing duties are not equivalent to foreign bounties of Germany and Austria on sugar.....	436
Effect of operation of cartels in reducing price of sugar.....	436-437, 446, 447
Prices of beet sugar f. o. b. Hamburg, June 1, 1900, and June 1, 1902....	436-437
Refers to his testimony before Ways and Means Committee .....	437
Describes the cartel and its purpose .....	437
Total German cartel bounty for 1901 was \$27,014,286 .....	437
Amounting to 1.15 cents per pound on all sugar exported .....	437
Corresponds to reduction in price of raw sugar, as indicated.....	437
Effect of this artificial stimulus upon cane sugar producing countries .....	438
Advises increase of countervailing duties to cover cartel bounties .....	438
Asserts that Hamburg prices fix the world price of sugar.....	439
Compares the reduction in price of refined and raw sugars .....	439, 440
Calls attention to the action of East Indian government in countervailing against all bounties.....	440
Effect of imposing full countervailing duty would be to increase price of sugar over 1 cent per pound.....	440
Consumers in bounty-giving countries pay for the cheap sugars of importing countries.....	440
Estimates 1.43 cents per pound as the equivalent countervailing duty required	441
The surest way to enforce the Brussels agreement and destroy the bounty system .....	441, 442
Does not think beet sugar is being produced in the United States at a profit.....	442, 443
Explains why the fall in price of sugar is due entirely to the cartel .....	443
World's consumption of sugar 10,000,000 tons .....	443
World's surplus production on hand 3,000,000 tons .....	443
Prices of sugar to German consumers .....	444
Reduction in European sowings of sugar beets for coming season .....	444
Effect of cartel and bounty system on Hawaiian, Porto Rican, and Louisiana sugars .....	445
Lower legitimate price of sugar will cause increased consumption.....	445
Overproduction caused by system of bounties and cartels .....	446
Believes the United States can produce sufficient beet sugar to supply present home consumption.....	447, 448
Compares German and American beet production .....	447-449
Is opposed to bounty for American sugar .....	447
Concerning increased consumption and production with lower prices ....	448
Willett, Wallace P., testimony of:	
Publisher of Willett & Gray's Sugar Statistical and is a sugar broker ...	456, 465
Describes character of publication .....	456
Has telegraph service with Cuba and a large number of countries.....	456
Cuban prices are governed by New York prices and New York prices by Hamburg prices .....	457
The prices are always relatively the same with slight variations, occasioned by supply and demand .....	457
English duty on sugar .....	457, 458
The East Indian countervailing duties.....	458, 459
Full explanation of the German cartel and its operation and effect. ....	459-464, 467
Estimates present Cuban crop at 775,000 tons; original estimate, 875,000 tons .....	465
Consumption of Cuba, 50,000 tons .....	465
Grinding still going on in Cuba.....	466
Has had no connection with the preparation or issuing of sugar circulars and pamphlets .....	466, 467
Has no personal knowledge as to Mr. Havemeyer's doing so .....	467
Effect of repeal of European bounty laws.....	467-470
Estimates surplus sugar of the world October 1, 1903, at 2,000,000 tons....	468
Estimated reduction of European beet sowings.....	468-470
Increases of production of both cane and beet .....	468
Prices of sugar in Germany for home consumption .....	470
Cost of making sugar in Germany.....	470
Question of increased consumption.....	469, 470
Extracts from Willett & Gray's Journal, "German import duty on refined sugar" .....	471
World's production and consumption.....	471
German sugar taxes .....	471

## War Department:

	Page.
Statement of Cuban immigration, year ending December 31, 1901, by nationalities and occupations.....	309-315
Statement of amount of sugar in Habana warehouses on given dates, 1898 to 1902 .....	316
Statement of Cuban sugar production, new crop .....	172
Statement of Cuban sugar planters, their nationality and residence .....	173, 174
Statement of estimated present Cuban <i>sugar crop</i> —amount exported to United States; amount held in Cuba, and by whom.....	71-74
Statement of Spaniards who have registered as retaining Spanish nationality .....	138-139
Wages of Cuban plantation labor (Kelly).....	156, 165, 170
West Indian reciprocity question (Farr).....	262, 263

## O

J 30

Re  
y  
309-1  
3  
3  
17  
W  
OE  
1  
1  
1  
1  
1

